FBIS DAILY REPORT

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CONTADORA 'SUPPORT GROUP' TO MEET IN COLOMBIA

PY080221 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1822 GMT 6 Aug 85

[By Daniel Santoro]

[Text] La Paz, 6 Aug (NA) -- Speaking in La Paz this afternoon, Argentine presidential spokesman Jose Ignacio Lopez announced that Argentine, Uruguayan, Peruvian, and Brazilian representatives, probably the foreign ministers, will meet in Colombia before the end of August to discuss ways their countries will support the Contadora Group's efforts to find a peaceful solution for Central America.

This decision was made during a summit meeting held here by Argentine, Colombian, and Uruguayan Presidents Raul Alfonsin, Belisario Betancur, and Julio Maria Sanguinetti, respectively, and by the Brazilian and Peruvian foreign ministers, Olavo Setubal and Alan Wagner, respectively. The leaders also decided to search for "new formulas" for reactivating the Cartagena Group's efforts to solve the Latin American foreign debt issue. Alfonsin, Betancur, Sanguinetti, Setubal, and Wagner addressed these matters during a dinner last night and during a working breakfast at La Paz Sheraton Hotel this morning. The official missions attending the Bolivian inauguration are staying at this hotel.

The meeting to be held by the so-called "support group" of Contadora -- the Contadora Group is made up of Venezuela, Mexico, Colombia, and Panama -- will be a continuation of a meeting held 2 weeks ago in Lima. The "support group" will meet in a tense atmosphere created by the ultimatum the Reagan administration issued against Nicaragua for allegedly aiding the Salvadoran guerrillas.

Some months ago, the U.S. and the Nicaraguan Governments discontinued the dialogue they had been holding in Manzanillo, Mexico, in search of a peaceful settlement for the regional conflict.

According to diplomatic sources consulted by NOTICIAS ARGENTINAS, if an agreement is reached to solve the Central American problem, the Contadora Group will need the help of other countries to guarantee, among other things, compliance with arms control agreements in the region. The Contadora Group has also considred the possibility of sending a "peacekeeping force" made up of Latin American soldiers to the Nicaraguan-Costa Rican border.

During the meetings held here as a continuation of meetings held in Lima during Alan Garcia's inauguration, the Latin American presidents also discussed the foreign debt issue and the proposal to stop repaying foreign debt obligations, which Cuban President Fidel Castro put forward in Havana last week. The sources ruled out the possibility that "the 11 most heavily indebted Latin American countries may be called to a summit to demand that creditor countries engage in a political dialogue." The sources pointed out that the industrialized nations have rejected a similar suggestion by Contadora Group foreign ministers and economy ministers. The sources added that Uruguayan Foreign Minister Enrique Iglesias is studying "new mechanisms" to succeed in the attempt to begin a political dialogue. Uruguay is temporarily in charge of the Cartagena Secretariat. Thus far, the only decision has been to summon Cartagena technicians to a preparatory meeting to be held on a still unspecified date.

Alfonsin and the other Latin American representatives met between 2100 and 0100 Bolivian time on 5 August and between 0800 and 1000 this morning in the Sheraton's Versailles room. The meetings were also attended by Jorge Sabato and Raul Alconada Sempe, the Argentine deputy foreign minister and the Argentine under secretary for Latin American affairs, respectively.

SOURROUILLE EVALUATES ECONOMIC REFORM PROGRAM

PY061702 Buenos Aires Domestic Service in Spanish 0000 GMT 6 Aug 85

[Speech to the nation by Economy Minister Juan Sourrouille from the Economy Ministry building in Buenos Aires on 5 August -- recorded]

[Text] Good evening. A month ago we addressed the public through this medium to evaluate the economic reform program, which then had been in effect for 2 weeks. We noted the support the entire population has given to the decision to launch a thorough attack against inflation, which threatened the foundations of coexistence among Argentines and the possibility of rebuilding the country economically.

Today, we resume the dialogue to make a new assessment. We do not believe we are mistaken in asserting that the population's support has not slackened and that the hopes raised on 14 June of having a stable currency have been confirmed, crowning the efforts all of us are making to be successful in the fight against inflation. We can also assert today that this effort is being rewarded. We are leaving behind the prospects of a country on the brink of hyperinflation, and are moving ahead toward the prospect of price stability.

This is the conclusion that can be made from the July price index. During July, the consumer price index increased 6.2 percent, which is substantially lower than the average of 25 to 30 percent that we suffered in the months before the program was launched. Comparing it to the recent past, this 6.2 percent is in itself promising. However, it does not fully reflect what has happened with prices during the implementation period of the anti-inflation program. In fact, how could the consumer price index increase 6.2 percent when prices have been relatively stable since 14 June?

The answer to this question has to do with the manner in which the price index is calculated. The index compares the average prices during a given month with the average prices during the previous month. Therefore, the July index compares the average prices during July with the average prices during June. During the first 2 weeks of June, prices increased strongly, at the same pace as in previous months. After 15 June, they remained stable. In July, prices practically did not change, and some prices even came down. But in comparing the June and July price averages, we note an increase that can be attributed to the increase during the first 2 weeks of June; that is, before the anti-inflation program went into effect.

This increase, therefore, is what has come to be known as the dragging effect, which I am certain you have heard commentators and newspapers mention. The 6.3-percent price increase in July can be fundamentally explained by the dragging effect, which above all measures the inflationary tendency of the past, particularly that of the first 2 weeks of June. This 6.2-percent increase does not necessarily reflect the climate of price stabilization that everyone has been able to appreciate in his daily life since the economic reform was implemented.

This new climate of price stability can be confirmed by the wholesale price index, which is not affected by the dragging effect we mentioned before, and thus better reflects the evolution of prices during July. We therefore can announce that the wholesale price index varied minus 019 percent points in comparison with that of June. The favorable evolution of prices occurred within the context of the price freeze, which has been successful thanks to the cooperation of both businesses and consumers rather than to the application of administrative sanctions. No merchant has been arrested, no enterprise has been closed. And, even more important, there has not been a general shortage of supplies. The secretary of internal commerce acted prudently to solve problems that came up. Thus, the decision has been adopted to give special treatment to seasonal products, such as fruits and vegetables.

This is also the case with meat, taking into consideration that the characteristics of cattle raising cause fluctuations in supply, a natural phenomenon that must be handled with a flexible attitude to avoid undesirable effects. This is what has been done. Early in July, the price of meat sold to the consumers was lowered, considering that the prices of livestock did not reach the maximum prices that were initially expected. Today, retail prices have been readjusted upward in view of the seasonal fluctuations of supply that are usual in August and September.

However, this readjustment is within the limits established at the outset of the economic program. The government maintains its decision to control these prices, and the population must know the problem and participate responsibly in its solution. Over the short term, consumption should adjust to temporarily short supplies. It should be kept in mind that we are referring to a seasonal situation, and that it should then be expected that this phenomenon will return to normal in the future.

I would like to insist that the price freeze policy is a temporary measure within the anti-inflation program. We have adopted it to break the inflationary expectations caused by so many years of sudden price increases and to promote behavior that will be more in keeping with a climate of stability. We are convinced that the price freeze policy is necessary to curb and reduce the impact of the recessionary process. Had we not adopted it, the momentum of inflation would have worsened the situation to such an extreme that the difficulties would have been much greater than those we are facing today.

However, it must be admitted that the transition from an inflationary process to one of stability initially caused a reduction in production and sales levels. To a great extent, this was the result of consumers adapting to the new situation. Once consumers believe that the purchasing power of their income will no longer deteriorate as it did in the past, they start to compare prices, they do not make hasty decisions regarding teir expenditures, and they begin to distribute their expenditures in a more rational manner over a period of time. All this undoubtedly has its impact on demand. However, it should be pointed out that during the past few weeks the sales of some sectors have significantly increased and, although this trend is still incipient, it already reveals a changed situation.

The economic reform program does not consider recession one of its anti-inflationary tools. The reduction in the level of activities has been an undesired effect in the transition toward stability, and it should gradually reverse as expectations are consolidated and businesses manage to readapt to the new prices.

We do not seek to hasten the economic reactivation process by adopting fiscal or monetary measures that may surpass the limits we have established in our reform program. Increasing demand through public expenditures and subsidized credits is an alternative that, after a brief reactivation, speeds up the inflationary process.

Regarding the monetary and financial policies, we can confirm 1 and 1/2 months after the reform plan was implemented what I said in my speech 30 days ago: The financial markets are continuing to operate, thus clearly showing the confidence of the citizens, who no longer fear holding cash, keeping current accounts, or having time deposits. Statistics show that the remonetization of the economy is under way and that it is based on solid grounds, that is, on the confidence that the people of this country are revealing through the gradual reduction of their inflationary expectations.

During June and July, deposits in the financial system increased approximately 25 percent, and the cash the people had in hand and the current accounts increased by approximately 40 percent. If we compare these increases with the inflation rate for July, which was below 2.5 percent, by averaging the wholesale price index with the consumer price index, we will see that the financial assets in the hands of the people have increased in real terms.

These results, which we have no doubt will be consolidated, are significantly important for the evaluation of the economy in the coming months. They constitute, along with the financial market, the basis for the future expansion of credit to the private sector, an expansion that will no longer reflect the spurious issuance of money but the people's savings.

In the financial area, we have another promising action that we want to note as we begin August: The dollar deposits have been made available to their depositors earlier than anticipated by the government. This has been made possible thanks to the confidence this economic plan has generated. This confidence undoubtedly will be redoubled in view of the measure adopted to make available the foreign currency deposits, which the people have the legitimate right to use.

I can say that we have been observing during the initial days since we freed the dollar deposits that not only an important number of depositors did not withdraw those deposits but also new deposits were made with the financial institutions of the country. This positive attitude of the investors will make it possible, if it continues, to accelerate the regularization of the funds that are still blocked. And what is still more important for the economic recovery, it will make it possible to have a new source to finance foreign trade.

Lastly, in the financial area we want to express some thoughts regarding the interest rates and the expectations reflected in the foreign exchange market. We understand that the nominal rates of interest are still relatively high, and thus we do not consider it opportune to adopt a decision to reduce the interest rates in the regulated market. It seems clear in these circumstances that modifying expectations and creating credibility is a process that takes time, especially after a period when the financial variables have so strongly shaped economic behavior. The government's answer to this behavior is, and will continue to be, not only a call to credibility but the adoption of measures that are consistent with the objectives of the fight against inflation. In this context, the signals of fiscal adjustment have already been given and an export program will be announced later.

On several occasions we have insisted that an important pillar for the good development of the economic reform plan is the adjustment of the public sector to the new conditions imposed by the fight against inflation. To this effect, the government has assumed the commitment to drastically reduce the fiscal deficit and not to issue money to finance public sector expenditures.

Today we are in the position to tell you that public sector operations during the month of July were financed without the need to ask for Central Bank credits. The objective of not issuing money has been fulfilled.

The treasury's overall income amounts to 543 million australs, and its expenditures amount to 616 million australs. From this latter amount, 70 million australs must be accounted to foreign interest payments by the national government that were covered by using the dollar deposit accounts which remain open in the Central Bank.

Tax collections have positively influenced the performance of the treasury's finances. Tax resources collected in July by the revenues and customs offices amount to 616 million australs.

These resources represent a significant increase of approximately 100 percent compared to June. In addition, the income obtained through export duties has been rather remarkable, surpassing the objectives set for the month.

This monthly financial behavior certainly deserves a more detailed report. The executive branch has submitted for the consideration of the honorable national Congress the budget for the current fiscal year, which has been duly adjusted to the economic policy. In this budget, the public deficit amounts to 4.1 percent of the gross domestic product. This implies a reduction of 8 percentage points in the fiscal deficit, compared to 1984. This achievement is based mainly on the drop in public expenditures, which is five percentage points lower than that of 1984, which represents an increase in income.

In sum, the government is fulfilling its commitment of not issuing money, of reducing the deficit, and of decreasing public expenditures. We have achieved a great deal, but a great deal still remains to be done.

Within this framework, it is important to continue looking for formulas that will make private investments compatible with public sector programs. Owing to resource limitations, the public sector will have to be limited to its current activities. The new areas that may be opened for development will be conducted by the private sector.

The economic reform program implemented in June aimed at breaking the inflationary spiral presents a necessary condition to begin an effective recovery and economic growth policy. This is the time when we can seriously talk about these subjects, aware of the country's real capabilities and limitations.

Under the inflation we suffered during the first half of this year, this discussion lacked a real and believable base. The question is not just to reactivate the economy, because by limiting ourselves to do only that, we would be just reproducing, without change, a reality we have already experienced with its structural inefficiencies and distortions. The idea of the economic reform goes further, to a profound restructuring of the country's productive apparatus to achieve maximum productivity.

We intend to report at this time, as we intend to do in the future, on the most important actions undertaken by the government during the most recent past month in the area of investment and growth. The new attitude that will differentiate the present from the past is that the investment projects will have to be presented with schemes of genuine financing to make their implementation possible. More still, in deciding the investment projects, the benefits they will yield will be one of the elements to be considered; the other will be a clear and feasible definition of the resources that will make the implementation of the projects possible. Incomplete financing programs, and counting on large amounts of money provided by the national treasury, either directly or by means of state guarantees, are practices that should be abandoned. I can announce, therefore, that within this spirit we were able to ensure the financing of the projects we had planned in the preceding months. As we have said, this financing is essential to begin the following projects in the short term: An oil refinery with a daily capacity of 4,300 cubic meters and with a capital cost of 87.5 million australs; a petrochemical plant in Cuyo capable of a yearly production of 50,000 tons of propylene lumps [grumo de propileno], which represents an investment of 85 million australs; a seamless steel pipe-producing plant with an annual capacity of 250 million yearly, and an investment of 489 million australs; and the continuation of the Bahia Blanca petrochemical complex with an additional investment of 132 million australs this year and 120 million australs in 1986 to complete it. Steps have also been taken to guarantee complete foreign financing for the exploitation of sea oil deposits located east of Tierra del Fuego that will require a total investment of more than 250 million australs.

In addition to this package of loans that were obtained by private companies, state-owned enterprises have also obtained loans from international organizations that grant development loans. Of a total loan of $200 million earmarked for industrial reactivation, the IDB has already disbursed $160 million to the National Development Bank. This loan, which will be fully disbursed 3 years from this month, will be earmarked for financing imports of foreign supplies needed to manufacture export products, for the substitution of imported items, and for investment projects.

The Bank of the Nation has also received a $60 million IDB loan that is part of a $150 million project. This loan will be fully disbursed in 3 years, beginning in November 1985. It will be used to finance the purchase of herbicides, fertilizers, agricultural machinery, and investments in the northwestern part of the country.

The Government Oil Deposits [YPF] has also obtained a $180-million loan, which is part of a $550-million project, for gas utilization, transportation of oil and oil by-products, and for technical assistance. This is the first new loan obtained from the World Bank in 3 years and will be disbursed in four [installments] beginning in January 1986. The loan will be designed to improve the capacity to process and to transport the natural gas that YPF and its contractors are extracting in the northwestern region, in Cuyo, and in Comahue; to transport crude oil and oil by-products to and from Lujaj, Cuyo; to install sales stations for compressed natural gas; and to provide technical assistance to improve the exploitation and the secondary and tertiary recovery processes.

The IDB has also granted a $30-million loan, which is part of a $95-million project, to the National Institute of Agricultural-Livestock Technology [INTA]. The loan, which is designed to expand and strengthen INTA's activities, will be disbursed in 3 years beginning in December 1985. These funds will be earmarked for agricultural research and extension, training, and support services.

We are also trying to get the IDB to approve this month a $60-million loan, as part of a $200-million project. This loan will be earmarked for enlarging the northern gas pipeline and will be disbursed in 3 years beginning in December 1985. The project is designed to improve transportation capacity and to make technological improvements in the gas pipelines linking northern Argentina with the Pampa region.

In addition to these projects, which will soon be implemented, we must add the amendment introduced to the Hydrocarbons Law and the signing of standard contracts between YPF and private oil companies. These will bring about substantial changes in the national energy outlook and a significant increase in our exports. The government is also intensifying its program to expand gas and communications facilities, on which we will report later.

On previous occasions we emphasized the significance we attach to promoting exports within our strategy for national growth. Industry plays a leading role in our export policy. Whenever our industrial products gain new international markets, new stimuli for expansion are created in our industrial sector and thus new opportunities for investment can arise.

The implementation of the economic refore plan has had some negative affects on our export-promotion effort. To compensate for the deterioration of the tax system in recent years, the government was forced to levy new taxes and to increase existing taxes, namely foreign-trade taxes. If the government were able to collect in 1985 the same amount of taxes it collected in 1980 in relation to the GDP, it would not be necessary to impose export taxes. We believe it necessary to start reversing, to the extent permitted by our fiscal situation, the negative effects these taxes are having on our exports.

We are beginning this tax reduction because we are convinced that exports of industrial products will contribute to reactivating our production apparatus and to laying the foundations for a steady economic growth. A package of measures approved by the executive branch is the first official action in this direction. Effective today, the government is lifting all export duties on a number of manufactured items that are taxable up to 6 percent, that is, most manufacture products. The amounts of deposits required to export some manufactured items is also being reduced from a range of 10 to 33.5 percent to 5, 10, and 15 percent.

In addition to this decision designed to correct the existing tariff structure to encourage exports, we have taken other meaures to fully and effectively apply the export promotion law. Thus we are implementing a system for special programs, which empowers the Secretariat for Foreign Trade to enter into agreements with enterprises and to set up programs to encourage not only exports but also to increase investments to this end.

With these programs, the first intention is to centralize the handling of proposals by enterprises, and the second intention is to rationally grant tax and financial benefits to proposals backed by effective export commitments. A bill being introduced in Congress modifies the law on value added tax, in order to give sales to international trade companies and export consortiums and cooperatives the same tax treatment currently given to exports. Moreover, through other measures, conditions are created for the operation of international trade companies, and at the same time the contracts concluded by these companies are exempted from the tax collected in the form of stamps. These measures are intended to significantly improve forms of internatioal trade. They represent a special promotion for the small and medium-sized enterprises.

Likewise, several measures have been adopted to favor exports from the Argentine provinces. Financially, it has been decided to maintain lines of rediscount for prefinancing exports. This is an important contribution despite restrictions in the monetary program against the granting of rediscounts for that purpose. The Central Bank will adopt pertinent measures to reduce the red tape involved. It will also reduce the current interest rate of 7.5 percent per year in foreign currency for the financing of exports. Finally, other measures will encourage efficient participation by state-run comapnies in the international market; ensure support for the presence of enterprises at commercial fairs and missions; define the list of products benefited by the set of rules applicable to export consortiums, cooperatives, and international trade companies through the National Export Promotion and through counterbalanced trade programs. [involving a mutually counterbalanced exchange of goods to bypass payments in foreign currency]. These measures also modify the rules applicable to exports of turnkey plants and to compensatory adjustments. The goverment hopes the application of all these measures and others under study will constitue substantial assitance to export activities under the current rate of currency exchange.

After reviewing the progress of the anti-inflationary program and the measurs adopted in the area of investments and exports, we would like to conclude by offering some thought on the current situation. The country is at a decisive crossroads in its contemporary history. We are consolidating the democratic regime and we are starting to rebuild the nation. These two objectives are combined and reinforced in the economic area in the fight against inflation. The reduction of inflation today entails a true reform of structures, because it is intended to eradicate a phenomenon that has for many years frustrated the country's aspirations. The government has assumed commitments and will discharge them without letting itself be swayed by the lack of patience that has conspired against the coherence and the validity of national decisions. We are under way. We still have a long way to go. The results we are achieving are visible and clearly point the way of this enterprise for all Argentines who want to leave behind a decadent way of life and move forward toward collective progess and well-being.

FURTHER REPORTAGE ON INAUGURAL ACTIVITIES

Siles Zuazo Speech

PY072230 La Paz Domestic Service in Spanish 1939 GMT 6 Aug 85

[Speech by outgoing President Hernan Siles Zuazo at inauguration of new President Victor Paz Estenssoro from Bolivian Congress -- live]

[Excerpts] Esteemed President of the Republic Mr Victor Paz Estenssoro, Mr Vice President of the Republic Julio Garret, Mr president of the Senate, Mr president of the Chamber of Deputies, honorable senators and deputies, honorable foreign reprenentatives from our sister countries:

Upon concluding my presidential term in keeping with constitutional orders bestowed on me by the National Congress and obeying the public will which elected me in three consecutive elections, I have proudly come to tell the nation that the essential mission of guaranteeing a peaceful transition into democracy and firmly establishing its validity as a political norm of conduct has been achieved, gentlemen. [applause]

This ceremony proves it. For the first time in 21 years a constitutional government is handing over the power to another government chosen in a free election and subject to our laws. For the first time in more than 40 years, and in a totally peaceful manner, an ideological current different from the one that is outgoing, is assuming power.

Despite some predictions and bad wishes, here we are in Congress, the main expression of democracy. We have come to comply with our committment to the Bolivian people. We have come to hand down power on the scheduled date, not one day after.

It is an undeniable fact that all national forces, from the left, the right, or the center, have understood that the people have chosen to live in a democracy, with the full right to all the freedoms stated in our Constitution and laws. They are also willing to defend their rights relentlessly.

It is also true that the majority recognize that the process of change started by the 1952 national revolution is irreversible. Despite all the inconveniences we have suffered since the heroic 9 April when we had the honor of leading a determined people who wished to transform the country, we can say that democracy and revolution are totally united. This is our people's main achievement.

I am talking about a democratic concept that is better than the old traditional formulas to which some tried in vain to return. History shows that after the people ousted the old oligarchy from power, the main principles of the April revolution became distorted. In effect, the real magnitude of the revolutionary process was misjudged and betrayed by the selfish struggle for power among people with secondary interests.

After the real perspective of the revolution was lost, the class alliance was weakened and the popular democracy born of our revolution was misinterpreted.

There were also some other adverse factors in the process: The action of the financing capitalism, the permanent threat of those who remained from the ousted oligarchy, the increadible inability of the (?pseudobourgeois) which was unable to create a (?valid) industrial infrastructure, and the downfall of the prices of our tin exports. These facts seriously undermined our democracy and created the conditions for a new kind of domination.

It is within this context that we must consider the re-establishment of counterrevolutionary forces as the starting point of a number of authoritarian governments which, except for some honorable exceptions, made every effort to set up a dependent economic model.

For 18 years -- from 1964 to 1982 -- the country was deprived of democracy, at least as it was conceived by the people who made the April 1952 revolution possible. That was undoubtedly a favorable atmosphere to restore a neocolonial economic model at the service of privileged minorities.

As small islands in a huge totalitarian sea, the governments led by Ovando and Torres and their brief and forced democratic intervals appear dwarfed before the many dictatorships that Bolivia had to endure for 18 years. History shows that the Bolivian people's determined struggle against the obsolete economic models that were imposed during that period was instrumental in getting the country back on a democratic course to ensure the people's participation in the decisionmaking process.

Thus, the Democratic and Popular Unity [UDP] emerged as an instrument for gaining political power. Yet, the regressive forces had their own plan to make the democratic process suit their own interests. A political faction backed by the private sector, some political parties, and subtly disguised leftists were able to impose the idea of assigning priority to short term goals rather than to significant goals.

Then the 1980 Congress convened as though history had stopped. This prevented the people from reaffirming the election of a government that had obtained a large majority of votes and from having a congress that could have supported a program that could meet the people's needs.

By using its notorious tactics and counting on the complicity of some UDP internal groups, the rightwing thus dealt us a deadly blow. Although pretending to take a democratic course, the rightwing managed to prevent the people from achieving the established goal. That blow sealed the fate of the new government.

The peaceful transit from dictatorship to democracy was thus just a partial victory for the people. Willingly or unwillingly, the Congress disrupted the action of the government and paved the way for what was later described as the attrition of the left and for the return to the government of the rightwing through democratic procedures.

We took charge of the government amid an extremely serious economic crisis, widespread moral chaos, and virtually total institutional disorder. In addition, the authoritation governments had provoked a suppressed social unrest which was unleashed all at once against the democratic government, and which caused unfortunate excesses.

The acute crisis we inherited was reflected in the persistent decline in the GDP growth rate since 1975. In 1982, the GDP dropped by 10 percent; mining production declined by 12 percent and, in absolute terms, it was nearly 30 percent lower than that of 1978. Manufactured products declined by 15 percent. Construction which in 1981 declined by 35 percent, dropped by 40 percent in 1982. The agricultural sector was steadily declining and in 1982 had a negative growth rate of 2 percent.

Inflation had taken an unusually sharp upward trend in the period that preceded the inauguration of the constitutional government. From December 1981 to September 1982, the consumer price index rose by an annual average rate of 276 percent. The floating dollar policy brought major imbalances to the monetary exchange market and caused sharp increases in imports.

The fall of our GDP and the inherited unstable policy had its consequences. It raised the unemployment rate, which in October 1982 was twice that of 1980. At the same time, inflation inevitably contributed to reducing the workers income: [word indistinct] consumption, which attained a certain level in 1981, fell by 10 percent in 1982. Between 1980 and 1982 the consumption per inhabitant decreased 15 percent. The people not only had to face the erosion of their purchasing power but the frequent shortages of staples as well.

When we ran out of credit, our creditors pushed our country to reduce our people's level of consumption even more to pay at least the interest on our debt. We took over the government with a negative balance of $294 million in our reserves.

This economic situation affected the moral order to our country, and illegal activities reached unprecedented levels taking us further from our solution. Drug trafficking distorted productive activities, employment levels, economic expectations, and the social commitment of different sectors, and even of some institutions.

In order to conciliate the different points of the various parties that made up the Democratic and Popular Unity, a team of experts, politically pluralistic and of highly capable technically, prepared a national plan of rehabilitation and development. This plan -- which I personally offered for the consideration of the Bolivian people -- was a synthesis of the things we tried to implement during this government. In view of the lack of resources and the impossibility of meeting all the requirements, we decided to concentrate our efforts on essential issues:

1. To increase the supply of different basic food products of high nutritional value in order to be able to face the chronic malnutrition of the Bolivian population especially the children.

2. To increase production of a reduced number of goods aimed at substantially improving the living conditions of the large majorities.

3. To improve the quality of basic health services and education.

The plan to increase the food supply was obstructed during the 1983-84 harvest by drought and other natural disasters unprecedented in this century which reduced agricultural production by 25 percent. This situation was overcome through the solidarity of friendly countries which allowed the constitutional government to face the situation by the implementing of an emergency plan. Agricultural production, especially food production, has now increased. I am also happy to say that in general terms from the 1983-84 period the per capita income of farmers has increased.

The agrarian emergency plan for the first time introduced bank credits in large peasant areas. The bank credits, the decision to free the prices of products, and the priority my government has given to agriculture have made growth possible.

The people have been organized in a successful and unprecedented health campaign that has protected all citizens, mainly children from infectious and contagious deseases. Some sister nations are now studying the Bolivian strategy and its experience, and we hope it will help other countries with similar conditions to get rid of those diseases. The objective of reducing as soon as possible the high mortality rate of Bolivian children was fulfilled. We Bolivians can feel proud of our achievement.

From the very beginning, we have stated that we will not subordinate the satisfaction of the essential needs of the Bolivian people to the payment of the foreign debt. We have conducted positive negotiations with our sister nations Brazil and Argentina.

Regardless of all the difficulties, we have managed to fulfill our commitments to multilateral financial organizations seeking new resources under more advantageous conditions. However, despite all our efforts, we have failed to obtain the necessary, or even timely solidarity with all but a few international organizations. To those latter few we are grateful.

We have not gotten the necessary understanding from most leaders of the trade union movement. Some workers have perhaps expected too much from the government, which has been unable to solve the crisis and reorganize the economy for the benefit of the great majority of Bolivian people, because it failed to achieve the necessary consensus it consistently sought in all its organizations.

Although there is a scarcity of foreign financial resources, and although a deficit would still result from abruptly changing relative prices to meet the new situation that is so different from that of the past decade, we have found continuous opposition to a gradual, systematic change in the rate of exchange, and to a gradual, systematic increase of the relative prices charged by the public enterprises.

Because the government was forced to adopt salary increase measures, without the appropriate increases in production and the necessary financial balance, the workers salaries have lost their purchasing power so fast that the fundamental objective we set, that is, of improving the living conditions of the Bolivian workers was not achieved.

Faithful to our profound conviction as Bolivians and democrats, we have consolidated the success initially achieved when the OAS General Assembly recognized in 1979 our right to get a free and sovereign outlet to the Pacific Ocean as a permanent issue of hemispheric interest. [applause]

The 1979 OAS resolution and the resolution approved in November 1982, just 30 days before we took over the government, recovered for our case the impetus lost during the dictatorial regime. The continental support obtained in later years unfortunately did not find a definitive solution.

The respect and international solidarity reached by our country allowed Bolivia to become a leader in the multinational struggle against the transnational phenomenon of drug trafficking. No one here or abroad can honestly say that we did not make every effort to fight this scourge.

We tried to govern with the majority but at the service of the entire country. We respected, preserved, and strengthened democracy, human rights, and above all the right to participate.

The economic adversity, the ferocious opposition of political adversaries, the lack of understanding by union leaders, and the deficient external support did not help our economic and social plan to become as successful as we wanted it to be. Even so, the future will show that democracy, organized popular participation, and the effort to solve problems are the best ways to reorganize our economy to meet the needs and interests of the people.

Now that I am leaving the government and relating my experience during the 34 months since 10 October, when our country returned to democracy, I would like to proudly say as a Bolivian that under my administration no one suffered imprisonment, persecution, or exile, and that no mother or son ever cried over the loss of their dear ones. [applause]

The democratic and revolutionary achievements of 1952 are irreversible. The country cannot go against its own history. The result of recent elections, held in an atmosphere of great freedom, proves it. This is how the majority of Bolivians voted. Despite the alleged exhaustion of the left, we are a progressive people who expressed themselves in this manner despite the errors of their leaders and the divisions of their political organizations.

The people's decision to follow the path of history shows us the need to forge a united leadership, putting aside personal or group interests, to become the political instrument capable of again guiding the natural tendency of the Bolivian people who are now dispersed in multiple organizations which only respond to their own selfish interests. Only a united country can defeat the regressive forces which are trying to keep the Bolivian people under oppression.

Today is an important day for our country. A democratically elected government is handing over the government to another democratically elected government. We should render homage to this historic event. Therefore, it is necessary that all Bolivians make a promise to the nation. It is necessary that we reach a great political and social pact to overcome the crisis affecting us so that never again will the Constitution be violated, and so that Bolivia can have full credibility among the nations of the world.

This is how we are going to honor our forefathers. Let us move ahead toward the consolidation of Bolivia as a nation by removing from our land violence and intolerance, and by installing political dialogue to guarantee for our children a better future than the past we inherited and the fragile present we are now experiencing.

We wish the new government and its president, with all our hearts and with faith in Bolivia, success in their constitutional task. It is absolutely necessary that our land continue to be a land of free men. Thank you. [applause]

Foreign Minister's Address

PY071305 La Paz Domestic Service in Spanish 2337 GMT 6 Aug 85

[Speech by Foreign Minister Gaston Araoz Levy after swearing in of the new ministerial cabinet at Government House in La Paz — live]

[Text] Your Excellency, constitutional president of the Republic; Your Excellency, vice president of the Republic; Honorable President of the National Congress; Messrs members of the Military High Command; ministers of state; ladies and gentlemen; fellow party members:

I have the honorable task given me by the outstanding citizens who have been designated members of the ministerial cabinet, of which I am also a member, to express to President Victor Paz Estenssoro our most profound gratitude for the confidence placed in us.

We have assumed the nationalist, revolutionary, and democratic commitment to render our resolute cooperation at a difficult time in our country's history. Therefore, we must offer our best efforts, honesty, and loyalty to face and solve the serious crisis which is devouring the country, and create the appropriate conditions for its recovery in compliance with the requirements of its historical destiny.

It seems as if by fate that the country, in an extremely critical situation, is regaining strength to recover its momentum and its permanent values.

After the [word indistinct] period that began on 9 April 1952, which placed Bolivia on the course of its real liberation through the national revolutionary process, we had to face fateful periods of frustrations which smothered its great achievements. The country had to confront the real situation through an authentic popular and constitutional decision to rescue the historical legacy of the task undertaken by the governments of the Nationalist Revolutionary Movement [MNR].

With that in mind, and under the current circumstances, the Bolivian people, in a free and sovereign decision, have again entrusted to the leader of the national revolution, the task of conducting the destiny of the fatherland in one of the most uncertain moments of its republican life. This leader of the national revolution is now the president of all Bolivians.

It is for this reason that this government that emerges from a legitimate constitutional process, as an expression of the popular sovereignty, is investigated by Congress in accordance with the national legal order.

Not only the great conquests, which have marked the changes in structure, but mainly social changes, which have marked the liberation of the oppressed and their reinstatement to national life, today represent the cornerstone on which to build a new society and a modern state. This is the crowning of a long democatic and socially rooted process based on the rule of justice, freedom, well-being, and the respect for dignity and the essential rights of man.

At this moment, we are installing a government which is based on the essential foundations of the democratic recovery achieved by the Bolivian people after lengthy autocratic periods, and we are beginning a new institutional stage which can be clearly distinguished through its plans and programs prepared within an absolutely anti-imperialist and liberating concept.

In view of the significance of the crisis, the MNR has decided to assume the responsibility of this government with the support of the Bolivian people expressed by sectors of society which have influence on present Bolivian history.

The main guidelines of the government program have already been comprehensively explained during the electoral campaign. It is not necessary to reiterate them now. However, it must be stressed that this government has the capacity and the willingness to solve the economic crisis and pave the way to build a promising future for Bolivia.

Never before has mankind confronted so many distressing and conflicting situations that jeopardize world peace and security and in which the hegemonic powers play the absolute arbitrators of the world's fate. The disproportionate accumulation of destructive weapons built by the nuclear powers and the race for the control of outer space, in addition to the unfair economic system, have led Third World nations into blind alleys.

There is a trend in Latin American international relations that reveals an intention to lead our Latin American continent into an unacceptable situation regarding development and the satisfaction of our most elementary aspirations and demands.

As an unfortunate result of this process, the developing countries have been forced to bear the burden of the crisis.

In addition to the structural weaknesses that are common in developing countries, Bolivia is suffering from the negative results of recent processes during which our dependence and our backwardness have been intensified under the burden of a sterile and unproductive foreign debt that has acted as a financial yoke. As the president of the Republic said during his electoral campaign, rhetoric and ideological differences must be put aside when dealing with problems that must be solved for the national interests.

For this perspective, and with the solution of the crisis being one of the main concerns, the various state mechanisms, uniting their efforts as much as possible and using their imagination, should try to directly influence the world economic system. This should be done to obtain an appropriate and fair treatment of the problems affecting the country with a dignified and effective vision of defense of its development and its structural transformation, and, above all, the well-being of its great national majority.

All these possibilities, now opened with the new government, can certainly be achieved because more than ever we can gladly see that the various sectors of the Bolivian society, such as the Armed Forces, the labor forces, the business interests, and all those who at this moment want the unity of the nation as the essential basis for attaining success in this administration, are supporting this effort.

As foreign minister I would like to point out some of the basic guidelines for our diplomacy, international policies, and international economic relations. Realizing that this is an important time in the destiny of Bolivia, and in the face of a crisis that is corroding all aspects of Bolivian activities, we believe that the Foreign Ministry must, along with other ministries, play an important role in the solution of basic problems to face, as the president said, the future of the nation.

The foreign policies of the new government have already been clearly explained in the declaration of principles of the MNR when it proposed its platform to the nation during the electoral campaign. We are a dependent, exploited and backward country, one of the nonaligned in the group of 77. We believe that we should maintain the best diplomatic relations with all the peoples of the international community, if they are useful to the destiny of Bolivia, and in accordance with its higher interests.

We attach considerable importance to the integration process, because we believe integration is one of the most suitable tools for overcoming the crisis our countries are experiencing.

Our country's right to have its own sovereign and useful access to the Pacific Ocean is one of the major Bolivian foreign policy issues. We believe that after the ninth OAS conference held in this capital in November 1979, our position regarding this issue must be based on a proposal which should project itself both internally and abroad. Our position should be in line with the spirit of the initial resolution issued by the OAS with the support of the Americas. In this regard, we believe this is a cornerstone of our foreign policy. It is of primary importance for attaining our full independence and development. The Foreign Ministry will give particular attention to this issue, in line with the OAS resolution and with the efforts that have been made to correct this historic mistake fairly, so that this objective may be achieved in conformity with out traditions, that is, on the basis of fair negotiations.

It will be useful to mention here the problems and the conflicts that affect our continent. One of them is the Central American conflict. We recognize and endorse the efforts being made by the Contadora Group, because we believe this conflict must be solved through a peaceful settlement.

On behalf of the Bolivian cabinet I greet the delegations that have come to Bolivia to attend the presidential inauguration. We see special significance in the fact that the leaders of democratic Latin American countries and high-ranking personalities from other continents and this hemisphere have come to participate in this historic ceremony for the Bolivian people, a gesture which we interpret as a sign of support, as a sign of brotherhood. We see that Bolivia, as it starts the democratic process with the transfer of power, has the support of the democratic governments of this continent and can rest assured that due to this help and understanding it will be able to count on permanent solidarity and the broadest cooperation to cope with the task which lies ahead of the new Bolivian Government.

Mr President, on behalf of my colleagues, I once again state our promise to repay your trust and that of the Bolivian people by performing to the best of our ability and dedication. We feel that this is an unprecedented commitment in the history of Bolivia, unless we equate the meaning of this moment to that of our taking over power after the events of 9 April 1952.

Inspired by all this, under your guidance, and the calm efficiency that you have fully demonstrated in the performance of state duties and aware that we are responsible for tasks essential to the nation, we hereby promise to do our best and hope to measure up to your trust. Thank you, Mr President. [applause]

OUTGOING FINANCE MINISTER VIEWS ECONOMY

PY061644 La Paz Cadena Panamericana in Spanish 1130 GMT 6 Aug 85

[Excerpt] Finance Minister Francisco Belmonte has commented to Radio Panamericana on the Bolivian economic situation shortly before power is turned over to President-elect Victor Paz Estenssoro.

[Begin Belmonte recording] The UDP [Democratic and Popular Unity] received the country in a chaotic financial state because of the previous short-term policies. We are leaving the macro-economic (?situation) under control. We are not leaving a respectable buffer financially speaking. We are leaving some foreign exchange derived from gas sales. We have been very zealous in controlling this issue. We are leaving over $600 million in credits which are about to be disbursed. [end recording]

SHAKE-UP IN CARABINEROS CORPS CONTINUES

Concepcion Commander Replaced

PY071623 Santiago Radio Chilena in Spanish 2330 GMT 6 Aug 85

[Excerpt] Concepcion Carabineros Commander Colonel Ramiro Rosales has officially confirmed that he will be replaced by Colonel Ramiro Espinoza. After announcing the decision, Col Rosales talked with reporters and answered some questions. He denied that the action was ordered as a consequence of the fact that three Concepcion Carabineros officers were indicted on charges of involvement in the killing of student Randolph Segovia. He said this is only a coincidence.

Two Carabineros Dismissed

PY072219 Paris AFP in Spanish 1911 GMT 7 Aug 85

[Excerpts] Santiago, 7 Aug (AFP) -- Two members of the Chilean Carabineros who were involved in the death of a boy have been dismissed and placed at the court's disposal. This happened shortly before it was announced on 6 August that the Carabineros, the target of harsh criticism because of their repressive actions, would undergo a reorganization.

The boy was killed on 4 August, the same day an opposition woman was abducted. This abduction was attributed to rightist commandos and it prompted criticism of the government in Santiago.

The mother of the child said he received a bullet wound in the chest when a group of policemen fired weapons to disperse the inhabitants of an allegedly hostile neighborhood.

According to press reports, the sudden dismissal of the Carabinero officers was ordered by Rodolfo Stange, director of the Carabineros.

Officers Indicted for Forgery

PY060307 Santiago Domestic Service in Spanish 2300 GMT 5 Aug 85

[Excerpts] A major and two first lieutenants of the Carabineros have been temporarily suspended after being charged with forging documents and not fulfilling their duties. This information was confirmed at noon today in Concepcion by General Jorge Portillas, chief of the Carabineros Fourth Southern Inspection Zone.

The Carabinerds affected by this decision are Major Luis Troncoso Cartagena, of the Concepcion superintendency, and 2d Lieutenants Mauricio Edmundo Vera Cortese and Jaime Fernando Barias Sanchez.

A trial has been ordered by Judge Advocate Enrique Fuenzalinda Puelma, who said that the three Carabineros were indicted today.

Regional Intendant Brigadier General Eduardo Ibanez Tigeria today reiterated his confidence in the proceedings being carried out by the court investigating the Randolph case [involving the death of Chilean student Jose Randolph on 27 May 1985]. This case prompted the temporary dismissal of three Carabineros officers.

JUDGE TO CONTINUE HEARING MURDER CASE

PY071619 Santiago Radio Chilena in Spanish 2330 GMT 6 Aug 85

[Excerpt] Judge Jose Canovas Robles has decided to continue hearing the triple murder case that has been under investigation for 4 months. The judge has pointed out that even through he still believes he does not have jurisdiction, it will be useful to clarify the involvement of Carabineros officers in the case.

POLICE DISPERSE DEMONSTRATORS IN SANTIAGO 6 AUG

PY071630 Paris AFP in Spanish 1810 GMT 6 Aug 85

[Excerpt] Santiago, 6 Aug (AFP) -- The Carabineros today dispersed some 50 demonstrators who gathered in front of the Santiago cathedral to condemn abduction and torture. According to eyewitnesses, one person was arrested after the police hit the demonstrators with jets of water.

The demonstration was staged by youths from the Sebastian Acevedo Movement against torture. This Catholic organization sponsored the demonstration 5 days after the government of General Augusto Pinochet dismissed 14 Carabineros officers and members on charges of being involved in the abduction and murder of three members of the outlawed Communist Party.

In their banners, the demonstrators also condemned the recent kidnapping of some Catholic youths, including Marcela Pradenas, Cristian Quinones, Alejandro Herrera, Rodolfo Quintanilla, and psychologist Andrea Hales. Andrea Hales was released on 5 August after being held for 24 hours.

OPPOSITION MEMBERS OCCUPY SANTIAGO EEC OFFICE

PY072204 Paris AFP in Spanish 1919 GMT 7 Aug 85

[Excerpt] Santiago, 7 Aug (AFP) -- Eight members of the Chilean opposition today continued to occupy, for a second day, the EEC office in Santiago to demand the release of 14 leaders banished to southern Chile.

In the meantime, three leaders of the copper-mining sector today completed 10 days in the ILO office. These leaders occupied this office seeking ILO intervention in favor of their union leader Rodolfo Seguel.

Occupiers Leave Peacefully

PY072244 Paris AFP in Spanish 2142 GMT 7 Aug 85

[Excerpt] Santiago, 7 Aug (AFP) -- Eight members of the Chelean opposition who yesterday occupied the Santiago EEC office to demand the release of 14 leaders who had been arrested on government orders abandoned the office this afternoon, sources at the office have reported. The group of seven women and one man left the office peacefully shortly before 2000 GMT, sources consulted by AFP have reported.

OPPOSITION DEMONSTRATORS ARRESTED IN SANTIAGO

PY072210 Paris AFP in Spanish 1829 GMT 7 Aug 85

[Text] Santiago, 7 Aug (AFP) -- Five members of the opposition today were arrested in front of the La Moneda presidential palace, as they were placing flowers and lighting candles in homage to three leftists abducted and murdered in March, allegedly by members of the Carabineros.

The peaceful demonstration, organized by the National Commission for Children's Rights (Codeju), was staged by about 100 people, who demanded justice and carried a poster that read "Punish the guilty", according to AFP correspondents.

The demonstration, which was brief and was held a few meters away from the headquarters of the Carabineros (35,000 men), was dispersed by security agents, who were unusually calm, according to journalists.

Today's demonstration is one of several to demand the right to life and democracy that are being started in major Chilean cities.

BETANCUR COMMENTS ON U.S. AID TO THIRD WORLD

A072008 Bogota Emisoras Caracol Network in Spanish 1215 GMT 7 Aug 85

[Text] Bogota -- President Belisario Betancur stated here that there is no confirmation that the United States has taken reprisals against Latin American countries that have failed to make payments on their foreign debt.

The Colombian chief of state said that after talking with spokesmen for the Peruvian Government in Bolivia, he was able to establish that at no moment was there a U.S. decision to suspend economic or military aid to Peru, as the news media has reported.

What happened is, apparently, that as a result of an oversight, Peru did not make a payment to U.S. banks to which it had been committed and then those banks told Peru: Well, now you will not receive this other credit, President Betancur told newsmen.

President Betancur said, if there is some sort of reprisal this would make no sense. Any coercive measure applied against Third World countries in connection with the debt would be unacceptable, President Betancur noted.

Meanwhile, President Betancur has backed Government Minister Jaime Castro in his decision to place new conditions on talks with rebel groups. In his dialogue with journalists upon returning to Bogota last night, the president said that although he does not know the entire text of Castro's statement, he thinks that the position of the government minister is in line with the programs used until now to search for agreements with the organizations acting outside the law. The president insisted that he has not been given all the details on the text of the statement calling for the total disarmament of the interlocutors and the establishment of specific points of discussion as conditions for the dialogue.

BETANCUR VIEWS NONALIGNMENT, FOREIGN DEBT

PA071536 Bogota EL SIGLO in Spanish 1 Aug 85 p 2

[Text] President Belisario Betancur has underscored the great responsibility shared by those in charge of the industrialized countries' economies, because these have a bearing on the economies of developing peoples, which comprise more than 75 percent of the world's population.

This statement was issued by the head of state when referring to the report on the World Bank's Development in 1985, which carefully analyzes the problem of the foreign debt. which has become one of the main international problems.

The president delivered a speech during a dinner given in honor of Josip Vrhovec, member of the Yugoslav Presidency who arrived here as part of a working visit through various Latin American countries.

During his speech, President Betancur said that the World Bank's report has useful viewpoints, and underscored "the consequences of changes in the industrialized countries' economic veriables." He recalled that the technical estimates point out that "a 1-point increase in the international interest rate would represent $2.8 billion in 1985 and $8 billion in 1990 for the developing countries."

"If the trade terms for the developing countries improve 1 percent, they then would receive an additional $2.2 billion. If the growth rate of the northern hemisphere peoples increases 1 percent, the developing countries would receive more than $3.5 billion as a result of increased trade and better terms," he underscored.

Later on, the head of state said that "this exercise proved the responsibility shared by those in charge of the industrialized countries' economic policies," adding that "these nations' fiscal and monetary policies," adding that "these nations' fiscal and monetary policies are no longer domestic or strictly internal."

"It is now clear that they are part of international policies, with repercussions in the economies of developing countries, which represent 75 percent of the world population. A fiscal or monetary crisis in the northern hemisphere would erase the development efforts of a decade," he concluded.

The Nonaligned Countries

In addition, President Betancur said that Colombia's admission to the Nonaligned Movement has balanced the nation's independence from the great powers, "without sacrificing in the least none, absolutely none, of our relations which in one way or the other are close to these powers."

He added: "Therefore, our admission to the Nonaligned Movement has helped us confirm this independence without any belligerent attitude, only demonstrating even more our own ability to make autonomous decisions."

Referring to the change in the Nonaligned Movement's presidency, which will take place in the coming months, the head of state revealed that "Colombia has adopted the initiative that the movement's presidency should return to Yugoslavia in recognition of Marshal Tito's memory, courage, integrity, and marvelous vision."

"Also, in this way we will maintain the pristine spirit, the nonaligned philosophy, which means -- as its name indicates -- an independence from the decisive centers of power in the chessboard of world politics. Therefore, in this way we assert the position of nonalignment within the particular philosophical, political, and economic position that each country may choose as the core of its own existence," he said.

On this, "Colombia will contact Latin American and Caribbean countries toward this goal, so that all decisions are aimed at appointing Yugoslavia to the movement's presidency at the next conference," he concluded.

10 GUERRILLAS REPORTED DEAD IN CLASH WITH ARMY

PA072016 Bogota Emisoras CARACOL Network in Spanish 1215 GMT 7 Aug 85

[Text] Bogota -- A noncommissioned army officer and 10 19 April Movement [M-19] guerrillas died as a result of clashes in recent hours in northern Valle del Cauca and in south Quindio. The clashes between troops from the 8th Brigade and M-19 columns took place in the Las Mirlas and La Esmeralda corregimientos, near (Tolibia Tulua), in northern Valle del Cauca Department. It has been officially reported that noncommissioned Army officer Jose Javier Hernandez Diaz, of the Ayacucho Battalion, headquartered in Maizales, died. The clashes began Monday and were still raging, after a column of 100 guerrillas commanded by Eduardo Parras was intercepted by troops from the Cisneros Battalion, from Armenia [words indistinct]. The identity of the 10 rebel casualties or that of another guerrilla captured with a large amount of war materiel wer not revealed.

BUSINESS GROUPS, OTHERS VIEW ECONOMIC MEASURES

PY061450 Madrid EFE in Spanish 1735 GMT 2 Aug 85

[By Enrique Valls]

[Text] Lima, 2 Aug (EFE) -- The initial economic measures adopted by Alan Garcia's government have generally been received with caution and some criticism, although some media have called them an earthquake.

The leftist newspaper DIARIO states that the measures are a bold package in the style of Javier Silva Ruete, a former economy minister under the last military regime. Silva Ruete is now a senator for the ruling APRA [American Revolutionary Popular Alliance] party. The progovernment newspaper LA CRONICA states that it is not fair to ask for magic solutions.

Other newspapers call the economic measures -- a 90-day freeze on bank certificates in dollars, a reduction of interests on loans, the postponement of the payment of the foreign debt until February 1986, a price freeze, and salary increases -- an economic earthquake.

The overall attitude, however, is one of wait and see to find out whether the government can achieve the announced price control on staples, and the effects of the measures now being implemented.

Some congressmen of the Marxist United Left [IU], which came in second in the 14 April elections, feel that the increase in gasoline prices reveals a lack of imagination, and political resolve.

In a lengthy review of the new measures, the influential newspaper EL COMERCIO states that although these measures basically refer to the financial aspect, they have not tackled the struggle against inflation through the reactivation of the productive apparatus. The daily states that only preliminary viewpoints have been given, while more details of the overall economic program of the government are expected. The paper feels that the suppression of the 8 percent tax on banking interests is a positive step that will make credit less expensive. EL COMERCIO also approves of the economy becoming independent of the dollar standard to encourage savings in soles. However, concerning the increase in fuel prices, it states that the current government faces the same dilemma as the former one in obtaining income for the treasury. Therefore, EL COMERCIO states, there is no substantial change in the policy followed until now and which has been so heavily criticized. It should be stressed that the fuel price increase exacts a heavy social burden and that, as long as the tax bass is not broadened, it will not be possible to attack the roots of inflation.

Julio Piccini, president of the National Confederation of Private Business Institutions [Confederacion Nacional de Institutions Empresariales Privadas -- Confiep], agrees with the increase in gasoline prices and the reduction of interest rates. Piccini refrained, however, from commenting on the overall package of measures adopted by the APRA government, stressing that businessmen were opposed to an increase in lending rates. Piccini added that it is better to wait for the supplementary resolutions to be drafted by the government.

In the businessmen's opinion, the increase in the gasoline prices will reduce domestic consumption, thus encouraging gasoline exports and favoring the use of gasoil, which is a cheaper fuel.

In turn, the Exporters Association has stated that it will not give its opinion until the government has officially announced all its measures to support its economic plan.

The National Industrial Society [Sociedad Nacional de Industrias] has also failed so far to voice an opinion on the address delivered last night by Prime Minister and Economy Minister Luis Alva Castro on the government economic program.

MINISTER CITES SUPPORT FOR REDUCED ARMS PURCHASES

PY071548 Lima Radio del Pacifico in Spanish 1300 GMT 7 Aug 85

[Text] War Minister General Jorge Flores Torres yesterday stated that there is an international trend supporting President Alan Garcia's call to reduce arms purchases. The head of state has stated that this trend is very beneficial and that in the long run it will permit us to strike a regional agreement to restrict all national defense expenditures so that this money is used for the development of our peoples. The War Minister stated that through some press reports he has learned that the call made by the Peruvian president concerning a reduction in arms purchases has elicited a favorable response from the Chilean and Ecuadoran Governments, respectively.

SHINING PATH CLAIMS HOUR-LONG LIMA BLACKOUT

NC080546 Paris AFP in English 0537 GMT 8 Aug 85

[Text] Lima, Aug 8 (AFP) -- A car bomb, one of about 10 reported blasts here during a blackout caused by sabotage, last night injured two people and damaged several buildings outside the Lima police headquarters, authorities said today.

Responsibility for the explosions was not immediately claimed, but police said the Maoist group Shining Path was probably responsible. Shining Path claimed the hour-long blackout, caused by attacks on power stations in Lima and in the Andes, by lighting a fire in the form of a hammer and sickle on a hillside visible from the capital. Power cuts were also reported in several towns south of Lima.

In addition to the car bomb, which exploded two blocks away from the U.S. Embassy, a blast was reported at the offices of the Workers' Party of President Alan Garcia Perez. No injuries were reported.

There were a number of other attacks during the blackout. No injuries were reported. The attacks were the first since Mr Garcia came to power late last month. The last power cut in Lima, also claimed by Shining Path, took place on June 7.

PRESIDENT ADDRESSES NATION AFTER AREA TOUR

PY080330 Montevideo Domestic Service in Spanish 2331 GMT 7 Aug 85

[Speech to the nation by President Julio Maria Sanguinetti from the presidential residence in Montevideo -- live]

[Text] Citizens, friends: I said farewell to all of you 10 days ago and I returned last night after touring four Andean countries, with the satisfaction of having taken significant steps to enhance Uruguay's international prestige. We attended two democratic inaugurations, one in Peru and the other in Bolivia, and this is very important because it implies that Latin America is gaining institutional strength. We have also paid special visits to Ecuador and Colombia, which allow us to report that Uruguay's prestige is growing day by day, which means we are gaining political and commercial opportunities. Thus, I consider it my duty to report to you.

First of all, I would like to stress the strengthening of Uruguay's democratic image. Through this we merely reiterated the Latin American orientation of our policy outlined even before my inauguration on 1 March, when I described it as the basic guideline for actions we planned (?to undertake). This new image was strengthened through the presence of Senators Alfredo Zumaran, Americo Ricaldoni, Hugo Batalla, and engineer Humberto Ciganda, all of whom reaffirmed unanimous respect for the institutional system of all Uruguayan political parties. They also supported us with their advice, their opinions, and their participation in some important meetings. Second, from the political viewpoint, this new image allowed us to conduct straightforward, frank, and fruitful dialogues. Court diplomacy is obsolete; this is the time for direct diplomacy, which naturally calls for direct contacts with the presidents and the lawmakers.

Wherever we went we discovered similar points of view on a vast range [passage indistinct] Colombian and Ecuadoran businessmen all of which allows us to envisage a promising (?future). We also give considerable importance to the public aspect of our visits, the contacts with the press, public opinion, the media in general, which help disseminate mutual knowledge, a prerequisite for the implementation of the above-mentioned projects, both political and economic. If a country is not well known and lacks prestige, trade becomes more difficult. We are proud and so can you be, my friends, that our country is widely known and deserves the highest opinion from everyone. We have seen this reflected in the friendliness with which the people greeted us on the streets and hailed Uruguay.

Taking it step by step, we should say that first we attended the Peruvian inauguration. There we said farewell to President Belaunde, a democratic head of state, and we witnessed the inauguration of the new constitutional President Alan Garcia, thorough whom the American Revolutionary Popular Alliance, APRA, the party of the renowned Victor Raul Haya de La Torre, rose to power. In Peru, we met with the Argentine, Bolivian, Colombian, Panamanian and Dominican Republic presidents. We talked, we discussed, and we exchanged information. I can now say that there is basic agreement and that extraordinary development is taking place in Latin America: the shaping of a vast democratic movement which follows [word indistinct] ideological trends.

Lima also hosted a meeting of nine foreign ministers of the Cartagena Consensus, including our foreign minister, of course, as well as the vice president of Venezuela and the Colombian deputy foreign minister. Participants at that meeting reaffirmed their will to continue acting jointly regarding the(?debt) issue. The main concern was over the decline of the prices of raw materials and other Latin American exports.

Our host government, the Peruvian Government, also confirmed its full support for the Cartagena Consensus. They have come up with their own proposal regarding the debt but still, they continue supporting the course of action set by the Cartagena Consensus.

In Lima, we also had the opportunity to meet with Brazilian Vice President Ulysses Guimaraes, Nicaraguan Vice President Sergio Ramirez, Mexican Foreign Minister Sepulveda and U.S. Treasury Secretary Mr Baker. Each of these meetings, in its own way, turned out to be very significant for the fulfillment of the objectives we had set for ourselves.

From Peru we went to Ecuador on an official visit and I would like to emphasize that we held a straightforward, frank, and friendly dialogue with President Leon Febres Cordero in which we found that we share viewpoints, and also enjoyed a warm welcome from the people. With the Ecuadoran Government we explored possibilities for bilateral trade, decided to create chambers of commerce for businessmen, and arranged a meeting of the Uruguayan-Ecuadoran Joint Commission which will take place in October in order to start implementing these projects for integration.

Throughout Ecuador, in the news and cultural media, in Congress and on the streets, I repeat, on the street as well, we encountered generous and fraternal feelings which I am pleased to convey to you. The people are aware and appreciative of the efforts we are making in our country to rebuild our democracy and broaden the process of Latin American integration.

Then we went to Colombia, where President Belisario Betancur welcomed us. You are all aware, of course, that he is one of the great Latin American leaders, whose opinion is taken into account in connection with the most difficult international problems. In Colombia we met with businessmen who trade with Uruguay, people who are interested in our goods. We especially encouraged them, and a Colombian commercial mission will arrive in Uruguay in September.

In Cartagena, we held a very positive meeting with the presidents of Colombia and Panama. At that meeting we made a passionate call for peace between Nicaragua and Costa Rica and stated that trade is the key to the debt problem. If we do not grow, no arrangement will be good enough. However, if we can again achieve an acceptable growth rate, the debt will cease to be the obsession it now is. We also agreed to reject any type of coercive measure that violates or tries to violate the sovereign actions of any country to implement its policies. Similar principles were also voiced in a joint declaration with the Colombian president, which was released here in Montevideo.

We gave press conferences in Bogota, in Cartagena, and in other cities. We gave our points of view and answered questions. We believe that we gave an adequate report about the life and problems in Uruguay, and also about our culture. In Bogota, we gave a lecture on [words indistinct] an art exhibition of two Latin American artists, the Venezuelan (Reveron), and the Colombian (Santa Maria). We also met with well known artists in Bogota and Cartagena, and on several occasions we were accompanied by Alejandro Obregon, one of the great Colombian artists.

On the last leg of the trip, we went to Bolivia to attend a historic event, an event that unfortunately is still unusual in this sister country, the transfer of power from one constitutional president to another. Our first meeting was with General Banzer, a meeting we asked to be held jointly with Presidents Alfonsin and Betancur. We held a frank conversation with him. He obtained the relative majority in the elections but was not elected by Congress. We found Banzer to be a calm man willing to support democracy just as he said later in a communique. The three presidents also met with former Vice President Jaime Paz Zamora, an important opposition figure. During these meetings our objective was to express solidarity with the institutional process, to try to morally contribute to the creation of a favorable environment for this institutional process.

Naturally we expressed to President Siles Zuazo the affection and understanding of the Uruguayan people who are aware of his tremendous effort to lead the nation in the midst of so many political confrontations, especially the out-of-control situation of the labor unions, which has undermined the economic possibilities of the country. Siles was very thankful for our presence and promised to visit Uruguay in 2 to 3 weeks. Naturally we expressed to newly inaugurated President Victor Paz Estenssoro our strong support and reiterated our solidarity with Bolivia, our defense of Bolivia's right to a sea outlet, and the many links that unite us.

Fellow citizens, friends, I can assure you that Uruguay is recovering its former prestigious image. We should continue along this line because we must sell our products in order to be able to grow; there is no other way to grow economically in the immediate future. This line of action is absolutely necessary.

Today, we clearly perceive some fundamental trends in Latin America. The first one is the unanimous determination to safeguard the democratic institutional systems that are threatened by foreign interests as well as by division and rancor at home. We can see these threats everywhere. The second is an agreement on the need for the economic and social integration of our countries. The third, which is also very clear, is the realization by all countries that today the resumption of the economic growth process is the real basis for the solution to the foreign debt problem.

No government in democratic Latin America, absolutely none, believes that a debtors' strike is the way to a solution because disowning our debt will only lead us to commercial and financial isolation which, far from favoring our growth, will only bring us hunger and misery. This is the belief not only of democratic governments but of all governments. Even the Marxist governments, which are in the same situation, have not repudiated their debts.

With identical conviction, all governments believe that just as bilateral settlements are being sought with the IMF by each country along the lines it considers best, a collective and parallel line of action must be sought in order to convince the industrialized countries that unless Latin America resumes its growth and unless international prices for its products improve, the situation will reach a really critical point.

I can assure you that the sentiment in favor of a responsible and mature attitude is unanimous, as is the sentiment that we cannot continue on this frustrating path. We have talked with the presidents of Argentina, Colombia, Ecuador, Panama, Peru, Bolivia, and the Dominican Republic; with the foreign ministers of Brazil and Mexico; and with other important individuals, and their position is unanimous. The idea is then clear: Each country must continue to seek the best possible terms in the negotiation of its foreign debt, because an irresponsible financial attitude will only bode ill for everyone. It is also indispensable that we obtain fresh money so as not to impose economically recessionary and socially regressive conditions on our people, and to give a new thrust to our growth based on new investments and new market opportunities.

On another matter, we can say there is a general desire for peace and that everyone wants to contribute to finding a solution in Central America. We have consolidated the action of a support group for the Contadora Group. This support group was created in a meeting held in Punta del Este with Brazil, Argentina, and Peru. I have expressed our country's desire to contribute to a peaceful solution. We have always insisted on this, and we will continue to seek solutions that may be difficult but not impossible.

Friends, during these 10 days away from the country, we have felt closer than ever to it. We have experienced the pride of seeing it loved and respected again.

We have also looked at all its problems from a different perspective, problems which are shared by others, and we can only tell everyone that Uruguay is regaining its international prestige but that it still needs to strengthen itself domestically, which will only be possible if it produces more within a climate of order and freedom, and respect for legal authority. We have thus followed the path that other countries have followed in defeating dictatorships and that today are well, while those that have let themselves be dragged down by agitation are in ruins. This is the experience we have had. I thank everyone for the support given in the past few days to acting President Enrique Tarigo. I can also tell you that, since arriving home last night, we are again performing our daily duties. Despite the intense activity, we have renewed spirit to keep going forward. Thank you very much.

GOVERNMENT SEEKS PACT WITH OPPOSITION SECTORS

PY072010 Madrid EFE in Spanish 0002 GMT 6 Aug 85

[Text] Montevideo, 5 Aug (EFE) -- The Uruguayan Government has begun talks with representatives of opposition parties, union leaders, and businessmen seeking to achieve a social pact, while the wave of stoppages and strikes is increasing, affecting several national sectors.

Interim President Enrique Tarigo has received delegates of various sectors at Libertad (Presidential) Building, and stressed the desire of the executive branch to join the quest for a great national agreement. Representatives of all sectors of the country participated in the talks. The government is represented by the labor, economy and finance, and industry and energy ministers, in addition to a ruling Colorado Party senator. Delegates from the National (Blanco) Party, the main opposition party; the leftist coalition Broad Front, the third largest political force in the country; and the Catholic Civic Union are also participating in the meeting. Present also are leaders of the Uruguayan Workers Federation and the Chamber of Commerce and Industry. Each of the parties presented its report on the national situation, and then possible solutions were discussed. Although it is generally believed that any national agreement would be rather complex, the various parties stressed the goodwill among the delegates. The variety of subjects and in some cases, the contradictory positions will make the negotiations, which began a few days ago, very difficult.

Meanwhile, the stoppages and strikes, which this week have been affecting banks' workers, teachers, and municipal workers, have worsened, while the conflict in the health sector has been fully overcome. Uruguayan high school and technical school teachers yesterday staged a 5-hour stoppage, and a 24-hour stoppage will be staged tomorrow by all teachers throughout the country. The different unions of private and public school teachers on all levels have called for a general stoppage on 8 August. They are demanding different things, including an increase in salaries, reorganizations of positions, and the reinstatement of all those dismissed by the military government. The most difficult situation has been created by the teachers, who have ratified their decision to disregard the authority of directors and inspectors within the classes. According to Education Ministry officials, this represents a criminal action, and they have passed the records to the ciminal court, which has summoned the Teachers Union leaders to testify, thus making the situation even more serious. The Association of Uruguayan Bank Employees has also called for a stoppage in official banks tomorrow and the following day. Tomorrow, there will be a stoppage in the central offices. The day after, stoppages will be staged at the agencies throughout the country. The bank employees are demanding a salary increase, reinstatement of those dismissed, rejection of the repressive measures, and the autonomy of institutions.

In 150 days of administration, the Uruguayan Government has confronted more than 200 labor conflicts, most of them demanding better salaries. A social pact is considered absolutely necessary for the reactivation of the country, which is experiencing one of its worst economic crises.

LUSINCHI, BRITO REACT TO COSTA RICAN AID REPORT

Request May Invoke Agreement

PA071816 Caracas Television Service in Spanish 1600 GMT 7 Aug 85

[Text] News dispatches from San Jose state that the Costa Rican Government could ask the Venezuelan Government to help in the event of a possible aggression coming from any country. In doing so, the Costa Rican Government would be invoking an agreement signed during the administration of Carlos Andres Perez. Costa Rica claims to be seriously threatened at the border by neighboring countries, specifically by Nicaragua. Given that it lacks a military establishment and weapons to defend itself, it needs the help of friendly countries.

The Venezuelan Government is now carefully analyzing the Costa Rican request because anything having to do with Central America is highly sensitive and will have far-reaching repercussions for the region.

Here is a last minute report: it states that Defense Minister General Andres Brito Martinez denied that Costa Rica requested military aid from Venezuela. The minister said that during a recent meeting, Costa Rican Government representatives provided an extensive report on attacks, which, according to that country, come from Nicaragua. The defense minister affirmed that military aid was at no time reuqested from our country.

Defense Minister Denies Story

PY071750 Paris AFP in Spanish 1724 GMT 7 Aug 85

[Text] Caracas, 7 Aug (AFP) -- Vice Admiral Andres Eduardo Brito Martinez, Venezuelan defense minister today denied that the Costa Rican Government had asked Venezuela for military assistance in the event of an emergency situation with Nicaragua. Brito Martinez also denied that the Venezuelan Government had offered any military assistance. He said that he simply listened to the statements of concern made by the Luis Alberto Monge regime. The ties between Costa Rica and Nicaragua are at a critical stage after several border incidents.

Asked whether Venezuela would help Costa Rica in a war against Nicaragua, Brito Martinez remarked that a concrete request for assistance has not been received yet and that, at any rate, it is up to President Jaime Lusinchi to decide whether any type of assistance will be granted. Asked about the type of assistance Venezuela would provide. Brito Martinez concluded by stating that we could jointly participate with other countries but only as supervisors and mediators between the two Central American countries.

Lusinchi Comments

PA080204 Caracas Television Service in Spanish 0000 GMT 8 Aug 85

[Report by Elsy Barroeta from Miraflores Palace in Caracas -- recorded]

[Text] On several occasions the Costa Rican Government has stated its concern and uneasiness over Nicaraguan military aggression. Furthermore, a meeting was held here in Caracas during the weekend with the attendance of Costa Rican Government representatives and, of course, Venezuelan Government representatives. It was revealed that during the meeting the Costa Rican Government representatives mentioned their concern and uneasiness over what they described as armed, military aggressions by the Nicaraguan government.

Consequently, all of this led us to ask the following questions of the president of the Republic:

[Begin recording] [Barroeta] Mr President, what are your views concerning the latest developments in the Central American area and Costa Rica's reports that [words indistinct]?

[Lusinchi] It provokes great concern. In fact, we are so concerned that it is necessary to be very cautious when we speak.

[Unidentified reporter] Nevertheless, Mr President, the press has reported that you warned Nicaragua not to interfere with Costa Rica.

[Lusinchi] That is not true. [end recording]

In addition, the head of state expanded on his reply, stressing the concern which prevails in our country.

[Begin Lusinchi recording] This does not mean that we are not deeply concerned about what may happen on the Costa Rican-Nicaraguan border. We are prepared to exert ourselves to the utmost so that a peaceful and respectful relationship is maintained concerning the border situation between the two countries. [end recording]

We also discussed this topic with Defense Minister Andres Brito Martinez today at Miraflores Palace. He made it quite clear that Costa Rica has not requested any type of military aid from Venezuela. The issue was raised, but Costa Rica has not presented a request, said the defense minister.

[Begin recording] [Brito] We have received no specific request for military support or aid and, of course, there has been no offer in this regard by the Defense Ministry.

[Barroeta] However, if the request is formally presented, what would be Venezuela's reply?

[Brito] I think that this question should be asked of the president of the Republic. He is commander in chief of the Armed Forces and is also in charge of Venezuela's foreign policy' therefore, he should decide on this. [end recording]

Lastly, and also referring to the same topic, the Defense Ministry said that perhaps -- if Costa Rica requests -- countries in the area might comprise a control and investigation force that prevents these kind of border incidents.

NETHERLANDS OFFICIAL DISCUSSES REFINERY IN CURACAO

FL1071618 Bonaire Trans World Radio in English 1130 GMT 7 Aug 85

[Text] The Dutch Government has asked Venezuela to continue its sales of cheap crude oil to the Shell Refinery of Curacao at least until the end of October. This would prevent the refinery from operating at a loss during that period and might convince Shell officials not to close the refinery at the end of September. The Dutch Government intends to use the time to seek alternative ways of keeping the refinery open. The Dutch minister of Antillean Affairs, Mr Jan de Koning, is now in Curacao, and he says the refinery cannot be saved if Venezuela refuses to meet the Dutch request.

ANTINUCLEAR DIRECTOR SEEKS END TO U.S. TESTS

FL071750 Mexico City NOTIMEX in Spanish 0145 GMT 7 Aug 85

[Text] Mexico City, 6 Aug (NOTIMEX) -- The nuclear explosions produced in the southeastern United States have caused damages to Mexico totalling $1 trillion which is equal to 10 times the amount of Mexico's foreign debt.

The director of the Antinuclear Civil Defense Committee, Adip Sabang, said the above is a press conference at Mexico's Foreign Relations Secretariat, adding that since 1945, when the United States began nuclear explosions, Mexicans living near the United States border have died prematurely or have had serious illnesses. Sabang called for epidemiological studies for the residents of border towns to determine any genetic mutations caused by radioactivity from U.S. nuclear testing. He said that the U.S. Government should be asked through tribunals to repair and pay for all damages and prejudices the testing has caused. He stressed that the Antinuclear Civil Defense Committee will demand before the United Nations the immediate suspension of all nuclear testing.

FOREIGN SECRETARIAT VIEWS PERUVIAN TIES

FL060231 Mexico City NOTIMEX in Spanish 0100 GMT 6 Aug 85

[Text] Mexico City, 5 Aug (NOTIMEX) -- Mexico and Peru have examined relations between the two countries and have reaffirmed their government's wishes to strengthen and widen cooperation between the two countries.

This was announced by the Foreign Secretariat as it reported that Foreign Minister Bernardo Sepulveda met in Lima with his Peruvian counterpart, Alan Wagner. The Mexican Foreign Secretariat said that both officials discussed different peace efforts in Latin America such as the support mechanism to Contadora Group which was recently established and in which Peru is a member, and actions taken by the Cartagena Agreement.

PEMEX COMMENTS ON PURCHASE AGREEMENT WITH JAPAN

FL071756 Mexico City NOTIMEX in Spanish 0315 GMT 7 Aug 85

[Text] Mexico City, 6 Aug (NOTIMEX) -- Mexico will receive $294 million per month if Japan increases its purchases of Mexican crude from 160,000 barrels daily to 200,000 barrels daily, the Shinde Bank of Tokyo has reported.

The representatives of the Shinde Bank in Mexico said this information is based on the meeting between Mario Ramon Beteta, Pemex director, and Japanese petroleum interests. The agreement will benefit both nations.

When it was informed of the bankers' statement, Pemex said that, if the deal is carried out, the crude oil production program will not have to be changed because Mexico produces 2.75 million barrels daily, of which 1.5 million are sold domestically, and the remainder would come from the reserve. Pemex explained that Mexico cannot increase the number of barrels it produces daily because a 2.75 million barrel limit had been agreed upon. If Mexico did increase its production, the international market would be affected.

ECLA CHAIRMAN PREDICTS IMPROVEMENT IN DEBT TALKS

FL1070326 Mexico City NOTIMEX in Spanish 0120 GMT 7 Aug 85

[Text] Mexico City, 6 Aug (NOTIMEX) -- Even if Bolivia, Peru, and Nicaragua form a club of debtor countries with other Latin American nations, that region will not get rid of its foreign debt, the Economic Commission for Latin America, ECLA, in Mexico has said.

ELCA's chairman here, Gert Rosenthal, pointed out that the Latin American situation is a difficult one, inasmuch in the last 4 years the region's deposits in U.S. banks increased by $80 million. Rosenthal predicted an improvement in the renegotiation of the debt by creditors because they have realized Latin America cannot provide money until it has a good economic and commercial development. He asserted that Mexico's economic conditions enable it to make arrangements with its creditors in order to come out of the crisis and said it is the country with the greatest possibilities, compared to other Latin American countries.

OFFICIAL VIEWS STATUS OF MORELOS I, II SATELLITES

PA081859 Mexico City UNOMASUNO (TIEMPO LIBRE supplement dated 19-25 Jul 85) in Spanish 19 Jul 85 p 58

[Article by Amalia Frias Santillan]

[Text] From the moment the Morelos I satellite approached its geostationary orbit on 22 June, Mexican technicians have been working 24 hours a day at the Walter C. Buchanan Space Center in Ixtapalapa to ensure that it will begin operating in 15 days, transmitting signals to the highest mountains as well as to the most remote island of the country.

Salvador Landeros Ayala, deputy director of Mexican Satellite Exploitation of the Secretariat of Communications and Transport, said that all the tests performed on the satellite in space have proven successful, and that once it begins transmitting, Mexico will advance 20 years in national communications.

Interviewed in his office at the space control center where there are big -- one as large as 12 meters in diameter -- parabolic antennas, he stated that it was necessary for the federal government to opt for a satellite system. "Otherwise, the $150 million investment to place the first satellite into orbit -- the second will be launched in November -- would have had to be doubled to build a landline that would not have been able to meet the country's needs, which have grown explosively in the past few years."

Additionally, he recommended that the next administration continue expanding space telecommunications as we should not abandon them because this will mean it has been created with a birth of the Morelos Satellite System [sentence as published]

Landeros Ayala stated that the country has enough of an infrastructure for Morelos I to begin operating. It will be complemented by Morelos II to ensure that the country will not be left without communications if one of them fails.

At the Mexican space center where four large parabolic antennas scan and receive signals from Morelos I subsystems to determine the behavior of this government-owned apparatus in space, approximately 50 engineers specializing in orbital dynamics and spacecraft, as well as maintenance and operations personnel, are in charge of supervising the satellite.

Twenty-four hours a day -- in three shifts -- Mexican graduate engineers from several of the country's universities keep a constant watch on the two main computers, the 40 microcomputers, and other very specialized equipment that monitors the functioning of subsystems and components, as well as the satellite's orbital position in space.

One group is in charge of receiving the information from the satellite and operating the control console. Other specialists check out information on the internal workings of the satellite and another group analyzes information on its orbital movements. Additionally, other engineers carry out communications tests.

Thus far, tests have been concluded on the C-band, analyzing the feedback of the satellite equipment -- the transponders, amplifiers, and parabolic antenna -- based on certain measurements which are then compared to the tests made on the satellite in the factory to ensure that it is working properly and to determine if it is in operating condition.

Landeros Ayala added that apart from the fact that Mexico will obtain huge savings in foreign exchange, as it will not have to hire satellite channels for the transmission of signals, it will have the flexibility needed to manage its communications resources, which were rather limited in the past. This also enhances independence and strengthens sovereignty, which is why the name Morelos was chosen." [end quotation mark as published]

In a few more days the experts will have completed tests on the KU-band, which will allow Morelos I to begin nationwide commercial transmissions, allowing radio, television, rural telephone, telex, telegraphy, and data signals to reach the most remote areas of the country.

COSTA RICA

MONGE VIEWS KIDNAPPING OF U.S. CITIZENS

PA072153 Paris AFP in Spanish 2022 GMT 7 Aug 85

[Text] San Jose, 7 Aug (AFP) -- Costa Rican President Luis Alberto Monge said today that the public force is combing the border area with Nicaragua in the country's north, since there is a possibility that 31 [as received] U.S. citizens captured by an anti-Sandinist group may have been transferred to Costa Rica. According to reports from Managua, this morning Nicaraguan rebels attacked and captured U.S. citizens as they were leaving Boca de San Carlos, Costa Rica, to continue their journey "for peace" along the San Juan River.

Monge stated that the U.S. citizens selpt under the protection of Costa Rican authorities last night and left for Nicaragua without experiencing any trouble. However, when it was reported that the citizens had been captured and could be in this country, Monge ordered the Civil Guard to comb the border area.

Miguel Caracas, spokesmand for the Democratic Revolutionary Alliance (ARDE) in San Jose, has denied that the anti-Sandinist group attacked the 31 U.S. citizens and took them into Costa Rican territory. However, Caracas said that "if it had happened it would have been in Nicaraguan territory, and "we have no information on this matter." [quotation marks as received]

Sources for the Permanent Christian Action Organization in Managua said that the attack on the U.S. citizens came from Costa Rican territory, and that they were transferred later to an area inside that country.

Commenting on the capture of the U.S. citizens, President Monge said that "this could be a kidnapping, but it could also be a publicity stunt," adding that this group is "friendly toward the Managua government."

PANAMA'S NORIEGA HOLDS SURPRISE TALKS WITH MONGE

PA071830 Panama City ACAN in Spanish 1805 GMT 7 Aug 85

[Text] San Jose, 7 Aug (ACAN-EFE) -- Official sources reported today that General Manuel Antonio Noriega, commander in chief of the Defense Forces of Panama, today unexpectedly arrived in Costa Rica to meet with President Luis Alberto Monge. The meeting is taking place at the president's private residence, in Pozos de Santa Ana, 15 km west of this capital. Official spokesman Armando Vargas Araya has noted that this is a private meeting and that the subjects discussed will not be reported. He affirmed, however, that it has to do with Costa Rica's request for Panamanian aid following the latest incidents on the border with Nicaragua.

Noriega's visit is taking place at a moment when Costa Rican-Nicaraguan relations are at a critical point, following an incursion by four Sandinist planes into Costa Rican airspace on 26 July in the Barra del Colorado sector. The official source explained that Noriega's arrival is related to the visit that the public security and the government ministers of Costa Rica, Benjamin Piza and Enrique Obregon, respectively, are making to Venezuela in search of cooperation and in anticipation of an emergency situation vis-a-vis Nicaragua.

This is the third time this year that Gen Noreiga has visited Costa Rica. The past two visits wre made in the month of May. Costa Rica and Panama maintain excellent relations, perhaps the best relations in the entire area, according to diplomatic sources from the two countries.

Regional Situation Discussed

PA080030 Hamburg DPA in Spanish 2256 GMT 7 Aug 85

[Text] San Jose, 7 Aug (DPA) -- Costa Rican President Luis Alberto Monge and General Manuel Antonio Noriega, commander in chief of the Panamanian Defense Forces (FDP), met today. Panama's support for and solidarity with Costa Rica was reasserted. Monge and Noriega met for more than 2 hours at the president's private home in Pozos de Santa Ana. They discussed the Central American situation, especially the relations between Costa Rica and Nicaragua. After the meeting and during a news conference, they explained the reasons for the meeting.

Monge said that if relations between Costa Rica and Nicaragua become worse, we will not only have solidarity but also every form of support from Panama. General Noriega reiterated that the border between Panama and Costa Rica does not end at Paso Canoas but at Penas Blancas (Costa Rican-Nicaraguan border). He added that geographically, Costa Rica and Panama are united and Costa Rica's fate is also a matter of concern for us.

Monge thanked General Noriega for the gesture and stressed that the best of relations exist between the two countries. Monge stressed that this relationship between two neighbors is an example. Noriega mentioned the joint programs undertaken by Costa Rica and Panama at the border in which Costa Ricans and Panamanians mingle. Monge, who had Noriega seated by him, stressed that General Noriega has always been in solidarity with Costa Rica and for this reason the Costa Ricans are grateful.

The Panamanian officer, who did not expand on the type of aid Panama would give Costa Rica, said that Panama will do whatever Costa Rica asks. Noriega said that the situation in the Central America region is very touchy. Specifically referring to the Costa Rican-Nicaraguan issue, he said that a positive solution, not a military one, must be sought. He added that fighting should be avoided. Noriega added that there are still some peacemaking groups in Central America from which help could be sought.

Monge gave Noriega a lengthy explanation of the border incidents with Nicaragua. Monge said: I have given General Noriega a complete report on the Nicaraguan aggressions against Costa Rica, one of which occurred on 31 May when the Sandinist People's Army killed two Costa Rican civil guardsmen and another which took place on 26 July when three Nicaraguan planes violated Costa Rica's airspace and dropped bombs. Monge explained to Noriega that the worst thing of all was that the Nicaraguan Government issued a protest note stating that the planes that flew over Barra del Colorado on 26 July had come from Costa Rica and penetrated Nicaraguan airspace. Monge also spoke of the constant aggressions by the Nicaraguan Army at the border.

Noriega clearly stated that he was not here to act as a mediator, or anything of the sort, between Costa Rica and Nicaragua.

The Panamanian commander said that Costa Rica and Panama are neighboring countries; we are two countries with common interests; we get along very well; and I am here to converse with President Monge and get fresh, firsthand information regarding the situation in the past few days. Noriega said: Panamanians are concerned over what could happen to Costa Rica and we are in solidarity with this country. Noriega was invited to have lunch at the president's private home before returning to Panama. At the conclusion of the news conference, Noriega said: We are at Costa Rica's service.

Noriega on Dialogue

PA072313 Paris AFP in Spanish 2114 GMT 7 Aug 85

[Text] San Jose, 7 Aug (AFP) -- General Manuel Antonio Noriega, commander in chief of Panama's Defense Forces, said here today that "a dialogue is the best weapon" when he commented on the aggravation of the border tensions between Costa Rica and Nicaragua. Noriega met today with Costa Rican President Luis Alberto Monge. The two discussed the situation between Costa Rica and Nicaragua as a result of the latest border incidents, which the Costa Rican Government has described as "aggressions" against its integrity and sovereignty.

Noriega said: "Geography has united the two countries, and we are concerned over Costa Rica's fate." He pointed out: "We have talked to Nicaraguan Defense Minister Humberto Ortega to avoid confrontation. We will talk again later." Noriega also said that the Costa Rican president is under political and emotional pressure, but that he, Noriega, feels sure that any decision that Monge takes "will serve peace for this people." The high-ranking Panamanian military man praised Monge's "caution" during the present situation and said that such decisions "cannot be taken in haste."

Noriega asserted that "the best way to win a fight is not to fight," and reiterated that "a dialogue and talks are the best weapons." Regarding a possible war between Costa Rica and Nicaragua, he said: "I think a sufficient historical background exists in order not to unleash a disaster that would affect the whole region."

The Noriega-Monge interview is part of a Costa Rican drive to seek the help of "friendly nations" in order to strengthen vigilance on its northern border and be ready in the event of an aggression. The general arrived this morning accompanied by two members of his Panamanian staff. He will also meet with Costa Rican Public Security Minister Benjamin Piza and Government Minister Enrique Obregon. The two ministers returned from Venezuela today where they asked for support on the event an emergency occurs with Nicaragua. In addition, the Costa Rican information minister described Noriega's presence here as "an extremely important political event," and added that the nature of the talks with Monge will not be disclosed for the time being.

GOVERNMENT COUNCIL ANALYZES DIPLOMATIC EFFORTS

PA072042 San Jose Radio Impacto in Spanish 1840 GMT 7 Aug 85

[Text] The Government Council met this morning at the Presidential House. The meeting mainly analyzed the visit to Venezuela and Panama [as heard] of Public Security Minister Benjamin Piza and Government Minister Enrique Obregon. The meeting between President Monge and General Manuel Antonio Noriega, commander in chief of the Panamanian Defense Forces was also analyzed.

Journalist Armando Vargas, minister of information and communications, made the following statement regarding the meeting:

[Begin recording] In the same manner, President Monge reported that he had a telephone conversation with Public Security Minister Piza, who has been on an official mission in Venezuela accompanied by Government Minister Obregon. They have met with Venezuelan President Jaime Lusinchi and with the top authorities of the Venezuelan Government. A meeting was held with the participation of the Venezuelan foreign minister, the minister of the interior, and with the commander of the Venezuelan Armed Forces. The Costa Rican officials presented a detailed description of the main attacks perpetrated by the Sandinist People's Army against Costa Rica during the past 3 years. They also gave details on the 26 July incident, when Sandinist Air Force planes violated the Costa Rican airspace, firing rockets at Civil Guard positions located 12 km from the border. In general, the Government Council was informed today of the excellent reception given by the Venezuelan authorities to the presentation made by the Costa Rican ministers on behalf of President Monge. [end recording]

MONGE ON VALUE OF VENEZUELAN SOLIDARITY

PA080142 Hamburg DPA in Spanish 0039 GMT 8 Aug 85

[Text] San Jose, 7 Aug (DPA) -- Costa Rican President Luis Alberto Monge stated that Costa Rica recognizes the extraordinary value of the solidarity of the people and Government of Venezuela. This afternoon, when commenting on dispatches datelined Caracas, Monge said: I share Venezuelan President Jaime Lusinchi's opinion that one must be very careful in one's choice of words when referring to matters of security. Monge added: The delegation of two Costa Rican ministers who visited Caracas explained our side of the difficult situation experienced at the border with Nicaragua and suggested the need for the OAS to send a permanent mission of observers to verify that Costa Rica does respect the duties it assumed with the neutrality. In conclusion, Monge said: I can state that if Costa Rica were militarily invaded, we would not be alone in the defense of our territorial integrity and political sovereignty. However, we do not think this will happen. If an armed invasion does occur, Costa Rican can count on the solidarity of several friendly countries.

CAMPOS DENIES MEETING WITH NICARAGUA'S CALDERON

PA072315 San Jose Radio Impacto in Spanish 1830 GMT 7 Aug 85

[Text] Costa Rican public security officials have denied a report published by an international news agency that mentioned a meeting between Costa Rican authorities and Roberto Calderon, commander of the Sandinist People's Army [EPS] in southern Nicaragua. Acting Costa Rican Public Security Minister Johnny Campos was clear when he denied the information, asserting that the Costa Rican Government's position is not to talk with Sandinists until they comply with the conditions imposed by President Monge; in other words, a formal apology for the 31 May incident in Las Crucitas where two civil gurardsmen were killed, and a formal promise from the Managua regime that they will not continue their aggressions and violations of our national sovereignty.

An international report received this morning reveals that Deputy Public Security Minister Colonel Johnny Campos and other officials from his ministry met with Commander Roberto Calderon, chief of the EPS, on the northern border. When asked about the information, Deputy Public Security Minister Colonel Johnny Campos said:

[Begin recording -- in progress] ...official of the Costa Rican Civil Guard has met with EPS officials. I have not left San Jose recently, particularly because the minister is not in Costa Rica. For the time being we have nothing to discuss at the border with the EPS members. [end recording]

In addition, Deputy Public Security Minister Colonel Johnny Campos said that Public Security Minister Benjamin Piza Carranza will return to the country tomorrow. He is currently in Panama City after carrying out a confidential mission in Venezuela accompanying Government Minister Enrique Obregon.

GOVERNMENT TO ACT ON NEUTRALITY VIOLATIONS

PY071833 Paris AFP in Spanish 1707 GMT 7 Aug 85

[Text] San Jose, 7 Aug (AFP) -- The Costa Rican Government is considering a law to punish the violation, by Costa Ricans or foreigners, of the Active and Perpetual Neutrality Act, which was proclaimed in November 1984. This announcement was made by Deputy Foreign Minister Gerardo Trejos. The Foreign and Justice Ministries are preparing a bill to that effect, because under current legislation the government cannot punish acts that violate our neutrality, the foreign minister told the newspaper LA NACION.

According to deputy foreign minister Trejos, Costa Rica should have a neutrality law typifying crimes and penalties regarding violations of the coexistence principle that the government had proclaimed. He also noted that Costa Rica does not have the material means to control the armed incidents that take place on its northern border, and hinted that some foreigners are taking advantage of the situation to violate the Neutrality Act proclaimed in November 1983. In recent months, Costa Rica and Nicaragua have seen their relations affected by frequent border incidents. The Costa Rican Government accuses the Sandinists of the incidents while the Managua government blames the contras who have taken shelter in Costa Rican territory.

At the beginning of a tour through the region on 3 August, the four deputy foreign ministers of the Contadora Group — Mexico, Panama, Colombia, and Venezuela -- questioned Costa Rican Foreign Minister Carlos Jose Gutierrez about the recent accident involving anti-Sandinista leader Eden Pastora when his helicopter crashed in Costa Rican territory. When the accident occurred on 23 July, the Costa Rican authorities found the wrecked helicopter but could not locate Eden Pastora. Sources from the Democratic Revolutionary Alliance later reported that Pastora had returned to Nicaragua to continue the struggle against the Sandinist government.

EDITORIAL QUESTIONS CONTADORA GROUP'S INTENTIONS

PA072232 San Jose LA PRENSA LIBRE in Spanish 26 Jul 85 p 14

[Editorial: "Conditions for Contadora Group"]

[Text] It is not appropriate to feel optimistic about the results we may obtain from the actions by the so-called Contadora Group. Nevertheless, our realistic position must not be interpreted by the world as an obstinate, absurd, or stubborn position. Consequently, we consider the attitude assumed by the Costa Rican Government concerning the proposal that we hold bilateral negotiations with Nicaragua is intelligent.

These negotiations could be possible on the condition that Nicaragua presents apologies and explanations for the attack on Las Crucitas, and the Contadora Group should verify Costa Rica's strict compliance with the principle of nonintervention in foreign affairs. This principle includes not lending our territory for the preparation of attacks against our neighbor.

We said in our previous editorial that Nicaragua has been playing a double game: on one hand, it appears conciliatory, advocating negotiations, and advocating peace; on the other hand, it implies that Costa Rica is the aggressor or, at least, that Costa Rica tolerates the use of our territory so that enemies of Sandinism may prepare actions against that regime.

We are affected negatively by that two-faced conduct because it soils our international image, creating the idea that we are a hypocritical nation. The idea is strengthened by the memory of the sad attitude assumed by the previous government, which allowed the use of our territory. Consequently, the current Costa Rican position helps to eliminate that two-faced conduct: If we accept the holding of negotiations with Nicaragua, it will be done after the latter recognizes the aggressions against us and after the Contadora Group members, who advocate such good intentions, publicly attest that our territory remains neutral and we have a right to be sovereign.

The Costa Rican attitude helps to clarify the Contadora Group's position. We cannot allow it to continue, consciously or unconsciously, serving totalitarianist interests and undermining Costa Rica's interests. We will now gauge the correctness of its intentions, the sincereness of the dialogue it advocates, and if the Nicaraguans really intend to achieve a just and respectful peace.

The Contadora Group will continue to be substantially inefficient. However, if skillfully confronted -- as happened in the case of Urbina Lara -- the Contadora Group may help us unmask the real communist intentions and exert pressure on the actions of certain Sandinists who fear that the full extent of their intentions may be known. Thus, we will see how far the Contadora Group will collaborate in a task to attain detente, instead of favoring the disguising of intentions or advocating the mere submission of one state to another.

EL SALVADOR

PEOPLE'S REVOLUTIONARY ARMY COMMANDER INTERVIEWED

PA071404 Managua Radio Noticias in Spanish 1200 GMT 6 Aug 85

[Interview with Commander Ana Guadalupe Martinez, member of the Salvadoran People's Revolutionary Army (ERP), by unidentified "El Despertar" newscast reporter in Havana; date not given -- recorded]

[Text] [Martinez] First of all, presenting the FMLN with an image of defeat is a part of Jose Napoleon Duarte's government plan to keep the real situation in El Salvador covered up. This facilitates the interventionist escalation in El Salvador and is an attempt to justify before the people of El Salvador and the U.S. Congress the huge amounts of money being invested in the Salvadoran struggle.

We feel that the opposite is happening. Even though it is true that the Salvadoran people's triumph will not come soon, we do not feel that the revolutionary movement has been defeated. Rather, it has noticeably advanced and has expanded the war to practically every area of our national territory.

For example, at this moment military activities are being reported in areas of the country where in the past a relative calm had existed. These areas, like San Salvador and the western sector of the country, were the Army's rearguard.

The image of defeat that the great media, and even the U.S. Administration is trying to present in Latin America and around the world is meant to weaken and divide the solidarity we have enjoyed with the peoples around the world.

[Question] Commander Ana Guadalupe, what can you tell us about the dialogue with President Duarte?

[Martinez] The dialogue has almost completely broken down. It has broken down because it was a dialogue that was begun just because they needed it at a certain time and not because they really wanted to talk and find a negotiated solution for the conflict. Why did they begin the dialogue? We feel that they began it above all to show that they are magnanimous and to present Duarte as a flexible man who is politically able to direct the destiny of (?the peoples). We also feel that they began the dialogue as a way to pressure Nicaragua to begin a dialogue with the counterrevolution -- a dialogue Nicaragua would not be able to object to since one was being held in El Salvador.

Today the dialogue has broken down not because we are inflexible, but because they are not interested in keeping it going. Therefore, as far as they are concerned the dialogue will be used when they feel they need it as part of their counterinsurgency plan and not as a means to find a solution for the conflict in El Salvador.

[Question] Commander, it is constantly being said that the Salvadoran guerrillas have military strength but that they do not have the people's support. It is said that because of this an insurrection has not been possible. What can you tell us about this?

[Martinez] First of all, everyone in El Salvador speaks of insurrection because they can remember the Nicaraguan situation. Each people, each vanguard, develops it own methods and systems. The situation of the Salvadoran people in the past 5 years has been deeply marked by strong levels of repression. They undertook an unlimited repression to prevent any attempt at insurrection. They indiscriminately beheaded hundreds of thousand of supporters and innocent people who were willing to participate in an insurrectional struggle. With this unleashed terror they tried to stop a people's victory. However, since the people were quick to recognize that the repression unleashed was meant to halt their victory, they changed tactics. They began to leave the cities and started to form a revolutionary army. Now the government needs to maintain a democratic image, but repression is still part of its plans. It takes a more quiet form in the cities, but there is indiscriminate repression in the rural areas -- through massive bombings -- and the people are beginning to speak up and struggle for their rights. The economic crisis in El Salvador is as serious or worse than the Nicaraguan economic crisis. All this is despite the huge economic aid that the United States is giving the Salvadoran Government. Therefore, there is no such thing as a loss of people's support, but rather a people's response to being decimated, murdered, and defeated on the streets of San Salvador.

In view of the people's attitude, the stance taken by the U.S. Administration and Duarte's government is to blame the FMLN for leading this new mobilization of the masses that is occurring in El Salvador because of the economic crisis. We feel that the famous insurrection that at a certain moment was possible in El Salvador, has not been defeated but postponed because of the methods of violence enforced in El Salvador by the U.S. Administration and Jose Napoleon Duarte's government.

[Question] How much territory do the Salvadoran guerrillas control?

[Martinez] We say that we control 30 percent of the territory and that we are active throughout the country. We are not limited to that 30 percent of controlled territory.

[Question] What effect did the U.S. Administration's threat -- in the sense that if other U.S. officials were killed in El Salvador the actions against Nicaragua would be strong -- have on the Salvadoran guerrilla?

[Martinez] When the FMLN decided to wage this war more than 10 years ago, we never considered what we should do should we find ourselves threatened by the administration because back then the struggle had not reached the present level of escalation. When we see the gringos leading this war, financing this war, and dangerously directing the operations against our people, the FMLN assumes that its main enemy is the one providing all the necessary means for the war against our people. Therefore, we have said that no U.S. citizen involved in the war process in El Salvador can remain exempt from responsibility and consider himself immune to any revolutionary activity of the masses, (?of the FMLN). We feel that the threats are a way of using psychological warfare to avert future actions. If there is anything that can worry the U.S. people, it is seeing the bodies of the dead return to the United States. The threat is a way to intimidate, but we do not think that taking any action will be possible because they are much more vulnerable than we are abroad and in El Salvador. Whenever they move, everyone knows where they are going, where they are; therefore, they are much more vulnerable than the guerrillas. We think that is a way to exert pressure to keep their people, forces, and advisers in the Central American area from being attacked.

[Question] What does the FMLN think would happen in Central America should a U.S. invasion against Nicaragua occur?

[Martinez[We feel that there is growing anti-U.S. Administration sentiment throughout Central America. Reagan has been able to polarize our peoples against himself and his warmongering policy. He has done this through certain situations he has created in the area. Therefore, the Central American people will not remain immobile in face of an aggression anywhere in the area, much less in Nicaragua. [end recording]

FMLN CITES CASUALTIES INFLICTED IN CHALATENANGO

PA071742 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 7 Aug 85

[Excerpts] We have received more reports from Chalatenango, where the political-military actions by our revolutionary forces and the ambushes against the troops of grieving Ochoa [Colonel Sigifredo Ochoa] have increased. Since 19 July, our brothers in Chalatenango have inflicted 86 casualties on the troops of grieving Ochoa. In this way, our revolutionary army takes advantage of each movement and patrol by the dictatorship's troops to confront them with real guerrilla actions of deep attrition. What puppet army in the world can withstand the attrition we are inflicting on the dictatorship? Ronald Reagan, the cancerous and wrinkled Reagan, can deliver however many rifles he wants, but he cannot deliver the morale that the puppet Army needs to withstand the guerrilla blows by our people.

GUATEMALA

PR DISSOLVES CONSTITUENT ASSEMBLY BLOC

PA071719 Guatemala City Cadena de Emisoras Unidas in Spanish 2350 GMT 6 Aug 85

[Text] The National Executive Council of the Revolutionary Party [PR] yesterday decided to submit to the honors tribunal the names of deputies who have agreed to be candidates of the Union of the National Center [UCN] and the National Revolutionary Party [PNR] in the elections without having resigned from the PR.

PR Secretary General Mario Fuentes Pieruccini said that the deputies' action violates the bylaws of the PR, whose legal status has been recognized by the Civil Registry.

Fuentes Pieruccini said that in view of the attitude of the constituent assembly members who continue to call themselves members of the PR bloc, the National Executive Council has decided to dissolve this legislative bloc and to warn them that they must refrain from using the party symbols or legal actions will be taken against them, since they are no longer members of the PR legislative bloc that has now been dissolved. Fuentes Pieruccini said that a copy of the warning about the use of the party symbol has been sent to the Civil Registry, which will also report its contents to the deputies who betrayed the party and agreed to be candidates of the UCN and PNR.

HONDURAS

PCH LEADER ENDORSES POSTPONING ELECTIONS

PA071812 Tegucigalpa Cadena Audio Video in Spanish 1145 GMT 6 Aug 85

[Text] Concurring with the latest rumors, Mario Sosa Navarro, leader of the Communist Party of Honduras, stated that the electoral process in Honduras will not make it. The controversial communist leader also stated that this government will extend its mandate for 2 more years by installing a civilian-military junta. Here are his comments to our correspondent Trino Murillo.

[Begin recording] [Sosa] Mr Murillo, your question is rather blunt. Some technical difficulties have been cited [for suspending the elections]. However, I feel that basically the problem does not lie in the technical difficulties, but rather in the ethics used to stage the electoral process; that is, the lack of political ethics. Candidacies have been imposed on the parties as if this was a tea party. At one time, the Liberal Party of Honduras had a candidate who was quickly replaced by another. There is speculation. Therefore, the parties lack domestic and international credibility. The only thing that has permitted this circus-like show -- called democracy -- to continue is that this is the original project imposed on this country by the United States. Otherwise, this would have ended. Despite everything, I hardly think that the [electoral process] will make it to 24 November.

[Murillo] Why won't it make it?

[Sosa] Because there will be forces who will be responsible enough and will understand the need to postpone the elections for at least 2 years -- with or without Suazo. I feel that the consensus among the people is to postpone the elections. As to who will lead that proposal, well, I believe that there are those partial to the president who insist that he stay on and who do not hide their wishes. However, I think that this will be very difficult and dangerous. I think that a plan must be worked out whereby the president's term ends, as he has stated, on 27 January, and hands power over to a government -- I do not dare speculate on its organization, its internal composition, but possibly it could be a civilian-military government -- that would bring stability and guarantee the electoral process and the Hondurans' participation. Thus a truly strong government may arise from this situation to face the problems Honduras will have to face in the next 5 years.

[Murillo] The political sectors within the parties are talking about holding elections. Still, there is expectation, as you mentioned. In fact, there is talk that the [presidential] period is in danger, that the electoral process has deteriorated. Commenting further on the problem, how would you analyze the situation?

[Sosa] Well, I would say that the whole system is chronically ill. However, there is a unique situation in Honduras. The electoral process is construed as the basic problem in Honduras, here therein lies the meaning of democracy, that is the right of everyone to cast a ballot for or against a particular candidate on 24 November; to have oneself photographed and quite unappealingly post pictures on walls to utter some nonsense avoiding Honduras' basic problems; and to spend weekends, as if one were in a circus, walking the streets of villages and cities, without any real meaning or popular feeling; or even, to repeat or make parodies of Mexican music, while completely lacking creativity to write typical Honduran music.

[Murillo] However, there is a problem. I hope you can address this concern. Where will the pressure not to hold elections in Honduras come from? From abroad, from the U.S. Embassy, or from the Honduran Armed Forces? Will the U.S. accept a transition period of a civilian-military junta; will the Armed Forces?

[Sosa] Since the Armed Forces are the only coherent force within the government, and if the Armed Forces do not decide on or arrive at a consensus on the solution, we will possibly have to conduct a circus-like show on 24 November. Once it is over the curtain will drop, and a new period will begin. However, I feel that no matter how willing the Armed Forces may be to keep on the sidelines, the pressure from the people and the reality of things, could force them to seek a just solution to the problem. [end recording]

LA CEIBA PORT WORKERS END 5-DAY STRIKE

PA071613 Paris AFP in Spanish 0552 GMT 7 Aug 85

[Text] Tegucigalpa, 6 Aug (AFP) -- The strike that for 5 days has virtually paralyzed all the activities at the La Ceiba Port on the Honduran Atlantic Coast, particularly the operations of the multinational banana enterprise Standard Fruit Company, ended today with the government's mediation. The problem was solved when the management of the Standard Fruit Company's D'Antony Hospital agreed to consider hiring back the employees whose dismissal had prompted the strike.

The hospital employees began a strike on 26 July. In addition, 11 other trade unions with more than 10,000 members joined the indefinite strike 5 days ago, in view of the company's refusal to rehire the 23 employees. The company had even refused to fill the vacancies. However, the conflict that also paralyzed La Ceiba Port activities, was finally solved with the mediation of Labor Minister Amado Nunez, who acted following direct orders from President Roberto Suazo.

NICARAGUA

U.S. PEACE DEMONSTRATORS SAIL SAN JUAN RIVER

PA071656 Managua Radio Sandino in Spanish 1200 GMT 7 Aug 85

[Text] The small fleet for peace, composed of 31 U.S. citizens, traveling on the San Juan River, which serves as a border between Costa Rica and Nicaragua, arrived last night at a place known as Boca de San Carlos without incident. The fleet traveled 45 km up the river to achieve this.

Counterrevolutionary chieftain Pastora stated this week that he would fire at this fleet, which included on fragile barge in which the U.S. citizens were traveling, and accused them of being wolves in sheep's clothing.

In spite of this, there was no incident during the trip, according to spokesmen for the U.S. religious group that organized the trip, the Permanent Action for Peace. [as heard]

During the trip, the fleet stopped on several points along the river and the 31 North Americans prayed for peace and for a change in President Reagan's policy for Nicaragua and Central America.

Peace Group Attacked

PY071834 Paris AFP in Spanish 1750 GMT 7 Aug 85

[Text] Managua, 7 Aug (AFP) -- Foreign Minister Father Miguel D'Escoto has confirmed that a group of 31 U.S. pacifists sailing the San Juan River on the Costa Rican border with Nicaragua, was the target of an Anti-Sandinist attack this morning. A burst of machine gun fire was heard on the last radio communication between the travelers and the Permanent Christian Action for Peace, an organization that is coordinating the peace journey from Managua.

Nevertheless, communication was interrupted when the group was attacked, apparently by Nicaraguan rebels. Sources close to the demonstrators have reported in Managua that armed men ordered the Americans off the boat in which they were traveling. Eden Pastora, leader of the Anti-Sandinist Democratic Revolutionary Alliance (ARDE), warned last weekend that his men would open fire if the flotilla passed through places occupied by ARDE forces. D'Escoto, who yesterday concluded a day [as received] of fasting and prayer for peace and the right to live, has stated that he is very concerned about the Americans' fate.

Kidnapped by ARDE

PA071945 Panama City ACAN in Spanish 1910 GMT 7 Aug 85

[Text] Managua, 7 Aug (ACAN-EFE) -- It has been reported here that a group of 23 U.S. religious people, who were sailing on the San Juan River on the Nicaraguan-Costa Rican border, were kidnapped today by guerrillas following the orders of Eden Pastora. A spokesman for the "peace flotilla" announced in this capital that members of that group were captured at a place known as Las Cruces, in Costa Rican territory, at 0805, local time (1405 GMT) by ARDE rebels.

The U.S. citizens, who belong to an ecumenical organization called "Permanent Christian Action for Peace," were taken to an unknown location in Costa Rican territory. The source said they were able to achieve a "brief contact" with the U.S. citizens sailing along the river. However, the source does not know if there were any casualties.

It was reported in this capital that representatives of the "peace flotilla" here will try to mediate before the administration of Luis Alberto Monge to seek the freedom of their companeros. This morning the Nicaraguan foreign minister, Father Miguel D'Escoto, was the first to report on the interception of the religious mission. D'Escoto affirmed that the group was forced by unknown armed persons to abandon the vessel and that a machine gun burst was heard before communications were cut off.

The "peace flotilla" began its river journey last Tuesday in an effort to exert pressure on the San Jose authorities to hold talks with the Managua officials on peace in the region. Eden Pastora ordered his men to open fire on the members of the mission.

In June the northern bank of the San Juan River was the scene of heavy fighting between the forces of ARDE and the Sandinist Army. During the fighting the rebels lost all their bases in Nicaragua and were forced to flee into Costa Rica, according to military sources in this capital.

ARDE Denies Action

PA072021 Panama City ACAN in Spanish 1951 GMT 7 Aug 85

[Text] San Jose, 7 Aug (ACAN-EFE) -- ARDE has stated it knows nothing about the attack suffered today by a group of U.S. Christian activists sailing on the San Juan River on te border between Costa Rica and Nicaragua. The 23 U.S. citizens, members of the "peace flotilla," began their river trip on Tuesday to oppose the U.S. policy toward Nicaragua and to pressure the San Jose government to agree to talks with Nicaragua to resolve their border differences.

According to reports in Managua, the group was kidnapped at 0805 (1405 GMT) from the Costa Rican side of the San Juan River, supposedly by members of ARDE. Jose Davila, top political official of ARDE, told ACAN-EFE: "We have heard different and confusing reports about the events and we are trying to obtain truthful information about what took place on the San Juan River." Nevertheless, the rebel leader "emphatically" denied that ARDE members fired on the group of North Americans, that they kidnapped them, or that the anti-Sandinist group has military bases in Costa Rican territory.

The ARDE troops led by Eden Pastora received orders on Sunday to fire on the U.S. religious group. Davila said that the warning to the ecumenical mission of the "Permanent Christian Action for Peace" group is maintained. "We warned them not to make this type of tour in a very strife-torn area because we will not permit them to carry out anti-Reagan domestic politics at the expense of the blood of our people," he stressed.

Johnny Campos, Costa Rican acting public security minister, said he lacks information about the incident and noted that he has asked for details from the police detachments on the Nicaraguan border.

Government Reports Kidnapping

PA072141 Panama City ACAN in Spanish 2102 GMT 7 Aug 85

[Text] Managua, 7 Aug (ACAN-EFE) -- The Sandinist Government announced today that approximately 50 people were kidnapped on the southern border today by troops acting under the orders of Commander Eden Pastora. The official sources said that thre are 29 North American Christians and 18 Nicaraguan and U.S. correspondents among the persons kidnapped near the area of "Machuca" on the San Juan River.

The 29 North Americans are members of the ecumenical group, "Permanent Christian Action for Peace," that sailed from the Nicaraguan city of Granada on Tuesday for La Penca. The kidnapped correspondents joined the ecumenical group to cover their mission. This North American group has asked the U.S. Government to suspend its financing of the anti-Sandinist rebels. Members of the "Permanent Christian Action for Peace" said today that they hold U.S. President Ronald Reagan responsible for anything that may happen to the kidnapped group.

A spokesperson for the ecumenical group in this capital city said that they will also hold the U.S. congressmen, who on 25 July approved $27 million in aid to the anti-Sandinists, responsible for what may happen to the U.S. Christians.

According to the report, the Christian group had undertaken the mission of urging the Costa Rican Government to begin talks with the Managua authorities in an attempt to create a security zone on the border between the two countries.

Sandinist, Costa Rican Police Confer

PA080233 Managua Domestic Service in Spanish 0200 GMT 8 Aug 85

[Text] Regarding the members of the Witness for Peace [preceding words in English] organization, Permanent Christian Action for Peace or Peace Witnesses -- as they are known -- who have been kidnapped, we have a report from the AFP news agency. Here is the report:

Commander Roberto Calderon, military chief of Nicaragua's southeastern region, and Oscar Vidal, director of Costa Rica's Civil Guard, exchanged information aimed at the release of the 29 Americans who were kidnapped on the San Juan River today by ARDE counterrevolutionaries. Sources close to the Nicaraguan Government said this is a diplomatic effort to find a solution to the problem. However, the sources, did not give details about the talks.

The Americans were peacefully sailing along the San Juan River at the Costa Rican-Nicaraguan border in a peace flotilla when they were captured by ARDE counterrevolutionaries led by Eden Pastora.

According to the source, the government considers the abduction of the U.S. citizens and several local and foreign journalists a terrorist action against a peaceful group. This is the latest report on the 28 [as heard] U.S. citizens of the Permanent Christian Action for Peace organization who were kidnapped by ARDE today.

Group Contacts Managua

PA080610 Paris AFP in Spanish 0500 GMT 8 Aug 85

[Text] Managua, 7 Aug (AFP) -- The Permanent Christian Action for Peace group, responsible for the "peace flotilla" that ended today with the kidnapping of 27 U.S. citizens, reported that they made contact with the missing group at 1840 (0040 GMT).

This afternoon in Managua Patricia Manning, the group's radio operator, said that the kidnapped group was able to get a brief message through to the organization stating that they are in the hands of an anti-Sandinist organization and that they are being treated well. However, Manning was not able to find out the name of the anti-Sandinist group or establish how the kidnapped group was able to make radio contact with Managua.

Manning stressed that "they could not say where they are" and added that after this morning's last contact with the group, at the time of the kidnapping, the radio was left on which could explain this latest contact.

President Ortega Interviewed

PA080636 Managua Domestic Service in Spanish 0507 GMT 8 Aug 85

[Interview with President Daniel Ortega by unidentified questioners from "the place where the peace mission members are staying in Managua" -- live]

[Text] [Question] Commander, is there any news about the kidnapped companeros?

[Ortega] We want to express our solidarity at these difficult moments with those Americans who are also members of the Christian peace movement and who are here in Managua. We want to express our repudiation of this act of terrorism, which is the result of the policy of the U.S. Government that has been sponsoring these activities against the Nicaraguan people and which is now affecting American citizens. This is a typical terrorist action; it is the kidnapping of American citizens. This is the current reality faced by the U.S. policy in Central America, the fruits of its terrorist policy.

We told them that at noon today we talked with Costa Rican President Luis Alberto Monge about the kidnapping of the U.S. citizens. He was with Deputy Security Minister Johnny Campos. He told us that last night the Americans who were in the area of Boca de San Carlos asked for permission to spend the night on the Costa Rican side. Monge said he authorized this and that they learned that this morning the group left for Lake Nicaragua. He added that according to the Costa Rican border post at Las Tiricias, the group did not pass by. Therefore, the kidnapping occurred between Boca de San Carlos and Las Tiricias.

We told him that we had information that the kidnapping occurred on the Costa Rican side, that the CIA mercenaries that kidnapped the Americans were there, and that we expected the Costa Rican authorities to mobilize patrols in the area to rescue the kidnapped people. Monge told us that they were already doing this. Later, when helicopters overflew the zone, the exact position was located in the La Cruz River area. The boat is there on the Costa Rican side, on the banks on the Costa Rican side. There is a hut nearby. Presumably, those kidnapped were taken along there, but we do not know exactly where they are because that is in Costa Rican territory, and it is now up to the Costa Rican authorities to locate the kidnapped.

[Question] Has President Monge made any commitment in this regard?

[Ortega] Yes, he told us that he is very worried over this situation and that he is making every effort to locate and rescue the kidnapped.

[Question] Mr President, is it true that the U.S. authorities have asked you to cooperate in locating them?

[Ortega] Well, there have been contacts through the U.S. Embassy in search of cooperation from both Nicaragua and Costa Rica in order to find them.

[Question] How can Nicaragua help obtain their release?

[Ortega] Well, at this point it is not really in our power to obtain their release because they are in the hands of groups that respond directly to the U.S. Government, that are financed by the U.S. Goverment. Therefore, it is in the U.S. Government's hands to see that these terrorists release the kidnapped.

[Question] Is your government planning to conduct a military operation [words indistinct]?

[Ortega] No, no. In fact, we have issued very clear instruction to the military commands in the zone to avoid any exchange of fire. Even if our troops are fired on at this point, they have been instructed not to respond to that fire because it might be a pretext for them to kill the Americans. It would be claimed that they were killed during a moment of crossfire. Therefore, we have issued very clear instructions in this connection.

[Question] How far are the Sandinist troops from the point where it is believed the U.S. citizens are?

[Ortega] They are many kilometers from the point where this incident occurred. They are also separated by the river -- as the kidnapped Americans are in Costa Rican territory -- separated by the river. The U.S. Government is the one that can really release the kidnapped Americans; it is not even the Costa Rican Government but the U.S. Government, which finances and directs the operations of these mercenary groups that operate from Costa Rican territory.

[Question] What is your opinion of President Reagan's policy against terrorism?

[Ortega] Well, in Nicaragua's case he has the opportunity to prove that he is really against terrorism. He should begin by suspending the financing and support of the terrorist groups that have now kidnapped the Americans. In other words, President Reagan must prove he does not want terrorism by ceasing to act like a terrorist.

I would also like to send our message of solidarity to the relatives of the kidnapped Americans. Let them know that the Nicaraguan people have feelings of solidarity for these Americans who have come in a peaceful gesture to see how peace can be made to prevail in our region rather than war.

Hostages Cited

NC080952 Paris AFP in English 0933 GMT 8 Aug 85

[Excerpt] Managua, Aug 8 (AFP) -- Twenty-nine North American pacifists, kidnapped from a "peace flotilla" yesterday on the San Juan River border between Nicaragua and Costa Rica, radioed to fellow pacifists that they hoped to be freed today. A radio operator on one of two boats, identified as "Warren," told the group, Permanent Christian Action for Peace, in this Nicaraguan capital yesterday that the captives would be killed if troops were sent.

The operator said the kidnappers were from the anti-Sandinista Revolutionary Democratic Alliance (ARDE), led by Eden Pastora Gomez, also known as Commander Zero. This was denied by an ARDE official, Jose Davila, in the Costa Rican capital, San Jose.

The operator, quoted by a Christian group spokeswoman, Patricia Manning, said the 29 were well and "waiting for orders from our brothers of ARDE." The pacifists expected to spend the night where they were and leave today.

They were kidnapped while returning to San Carlos, near Las Crucitas, where two Costa Rican civil guardsmen were killed in a clash on May 31.

FOREIGN MINISTER D'ESCOTO OFFICIALLY ENDS FAST

PA071247 Managua Domestic Service in Spanish 0300 GMT 7 Aug 85

[Text] Approximately 3 minutes ago, Father Miguel D'Escoto Brockman left the Msgr Lezcano church, ending the first phase of his evangelical insurrection. Three minutes ago Father Miguel D'Escoto Brockman left behind his prophetic fast, thus ending the first phase of the evangelical insurrection. At an emotional ceremony where the most representative priests of the popular church of liberation theology headed by Msgr Pedro (?Casaltalia) were present, there was an emotional mass attended by Carlos Mejia Godoy, [word indistinct] Palacaguina and his peasants, as well as by delegations from the entire country. Also present were Father D'Escoto and Nobel Peace Prize winner Adolfo Perez Esquivel, who read part of the service.

In his message to the world and Nicaragua, Father D'Escoto, after initiating the second phase, said: Today we celebrate the transfiguration of Jesus Christ, who changed world history by filling it with hope. Today we commemorate the 40th anniversary of the destruction of Hiroshima by the first atomic bomb used in a war. Today is a day on which we should reflect on this long struggle in which we all have responsibilities, the battle that confronts the forces of life with the forces of death. However, aggression, hatred, and death continue to pursue us. The U.S. Government, deaf and blind to the clamor for peace, is not yielding in its stubborn and lying policies, and its terrorist strategy, and the Nicaraguan people continue to be sentenced to death, and continue to die slowly but surely.

This is why we must continue to be in a state of alert in Nicaragua and abroad. We must continue to plant our fields and shoulder our rifles. We must also continue to occupy this theological trench that we have opened as a permanent Christian front, in the struggle for peace, for life, and against imperial terrorism. Father D'Escoto went on to say in his message: Damned are they who now laugh, lie, and threaten us, satisfied with their (?civilization), tired of their money, stained with the blood of the poor. Damned are they because God's justice will manifest itself and tomorrow they will regret their actions. God has promised us victory, and will not fail us in this promise. The walls of Jericho will fall, and David will defeat the U.S. Goliath.

Holds Press Conference

PA071745 Managua Domestic Service in Spanish 1608 GMT 7 Aug 85

[Press conference with Foreign Minister Father Miguel D'Escoto by unidentified reporters and moderator Father Jerez at the Monsignor Lezcano Church in Managua -- live]

[Text] [D'Escoto] Good morning. As Father Jerez has said, in spite of the fact that we had the best intentions of holding a meeting with you this morning, my blood pressure is only 50, the minimum; and between 80 and 90 -- very low -- the maximum. For this reason I am going to state as of now that I am not going to speak in English. I am sorry. I will be brief in Spanish. I will be leaving any moment. The other companeros will stay with you.

Basically I want to thank the Dominican friars here who lent us this place and who have cooperated so much with all the delegations that came from the most remote areas of Nicaragua, with our peasants, fighters, and workers, and with the brothers and sisters who have come from other places, from Latin America, Europe, the world. I want to thank the Dominican friars -- Father Rafael and the rest -- for this. I want to thank Cesar who had the most exacting part in this effort.

I want to thank Jose, Don Pedro, Adolfo, all the other companeros who have been supporting us from Nicaragua and abroad, and those who have come to Nicaragua.

The first phase of fasting and prayers was to alert our people and the international community in general to the true nature of the crime that is being systematically carried out against our people by the forces of darkness that manipulate and inspire the foreign policy of the neighbor to the north. As I have previously stated, we arrived at this conclusion that the situation was not due to a lack of communication, or that it is not merely a pathological obsession -- although I suppose all obsessions are pathological -- that it is not merely the U.S. Government's obsession to destroy Nicaragua. I consider this situation to be a demonstration of evil forces struggling against everything to change the world.

In Nicaragua, we are bent on a project to change society into a more just and fraternal society. Therefore, those who are defending their own interests oppose these changes and struggle to maintain the old order that the Lord has ordered us to change. They turn against the individuals who are trying to change that old order, or against groups or nations. At this time, Nicaragua is a small but firmly united nation committed to change this old order of exploitation and injustice, and submissiveness to earthly powers, only because they are stronger.

Thus, from this site of fasting and prayer I sent a message to the U.S. Government a few weeks ago, in which I said that we will only and exclusively adore the God of Abraham, Jacob and Moses, the Father of our Lord Jesus Christ. I added that despite the U.S. nuclear and economic strength, we will not kneel before the U.S. Government and obey its orders as if it were God.

This initial phase ended yesterday, when it was guaranteed that the Nicaraguan Christian community, in general, assumed the responsibility of continuing with this evangelic insurrection, in other words, with this rebellion of Christians and men of goodwill who rise -- in an increasingly massive way, and with an increasingly dramatic prophetic action -- to protest and condemn these systematic crimes by the U.S. Government against our people: murders, kidnappings, tortures. This insurrection should continue without interruption, and as I said in an increasingly massive and dramatic way, until the war stops. Our cry to heaven must be so intensive that it will make the walls of Jericho fall down.

We believe that we can be sure that this insurrection will continue not only among ourselves, but also throughout the rest of the world. We have heard, and you also know, of the marvelous things that the Lord has done in Mexico, Brazil, in the Netherlands, in Spain, and in so many parts of the world. This leads us to believe that once the fire is really blazing as it will be in Nicaragua, no earthly power will be able to provoke news blackouts. Our cry will be heard.

We think that the Lord, who is the one who promotes all this struggle from this new trench, that complements all the other trenches which we must continue to strengthen, will take this to a successful end, and then we will have peace. At that moment, as we always been doing, we will even be waiting for the representatives of the U.S. Government to begin a new day in our relations -- honorable and honest relations we hope will be friendly.

You may ask brief questions, but first I want to read a report that concerns us very much with regard to our brothers and sisters who left on the peace flotilla on the San Juan River. It reads: 7 August 1985. The peace flotilla got in touch by radio with the Managua base at 0805 today. They said that an armed group located on the Costa Rican bank of the river demanded that they disembark. A burst of submachine gun fire was heard and the communication was cut off.

Since then, the representatives of Witnesses for Peace in Managua have been trying to establish communications with them but without results.

[Moderator Jerez] If there are any questions please give us your name, media, and the question. LA JORNADA of Mexico. [indistinct question heard in background] You are asked if your health is adequate, and what is the health condition of the Contadora Group?

[D'Escoto] The Contadora Group continues, not because of its will, afflicted by an evil plague that is the quote, pressures, unquote, as the North Americans euphemistically call their policy of blackmail and pressures against the rest of the world. Therefore, I would say that this is the main problem that prevents the Contadora negotiating group from achieving its objective. Everyone knows about the secret document prepared for the 30 October 1984 meeting of the National Security Council chaired by President Reagan. In it, the U.S. National Security Council boasted of having effectively blocked the possibility of signing the Contadora Document. They say there, I am not the one saying it, they say that this blocking action is being carried out through Costa Rica, Honduras, and El Salvador. The gringo document says...[changes thought] if someone quotes it please quote the document and not me. Neither the Costa Ricans, Hondurans, nor Salvadorans have protested that document. They protest when I refer to the document, but the entire document was published by THE WASHINGTON POST and no one protested, not even the Contadora Group. Instead, the Contadora Group began to take seriously the Tegucigalpa document which the National Security Council says is the gringo counterproposal. Therefore, you can see how things are going in the Contadora Group despite the generous and noble efforts of the representatives of the four governments that comprise that peace group.

[Moderator Jerez] Any more questions? Please give us your name and media. [indistinct answer from reporter] Companero Garcia from ACAN-EFE asks when will you return to work?

[D'Escoto] I am not exactly sleeping right now. I have been struggling for peace, and I think that is the main task. [applause] I have not been on a vacation. I invite you to go on this kind of vacation if you think...[changes thought] but in any case, I will be assuming responsibilities to the extent of my capacity.

[Moderator Jerez] Any more questions: From Cuban television, (Roberto Agudo). He would like you to explain the new phase.

[D'Escoto] There are so many other companeros that can explain this. It is also explained in writing. In order to save me from speaking, I had better not continue talking.

[Moderator Jerez] To save Father Miguel's time, you can ask in the press office for the plan of the phases. There are two more phases. One goes from 7 August to 15 September and it ends with an international week. The third phase comes after 15 September. We will be glad to give you the complete program at the press office. From the newspaper BARRICADA, the question is if oneof the consequences of the fast (?is determination) to struggle from all trenches?

[D'Escoto] I cannot predict the future. What is clear is that my life, as I have said many times, belongs to God and my people. It is always at their disposition. My only interest was to serve the people and their fundamental cause, which is peace and the construction of brotherhood. I will do so in the future as in the past to the utmost of my capabilities. No one knows what will happen in the future. No one knows what will happen in the future even if they have or have not gone on a fast. God is the only one who knows.

Those who really want to live the gospel and be faithful to the Lord and his people are always at risk. They are always at risk. They always have to be willing to run the risk of the cross as a result of their fidelity. What we are asking when we call for an evangelical insurrection is that we all assume the risk involved in being a Christian and that we all love and that we assume the risk of love.

[Moderator Jerez] You will excuse us but Father D'Escoto can no longer answer any more questions.

EDITORIAL VIEWS REGIONAL FOREIGN DEBT ISSUE

PA072250 Managua BARRICADA in Spanish 6 Aug 85 p 3

[Editorial by Daniel Martinez: "We Cannot Pay and They Cannot Collect From Us"]

[Text] In order to discuss the Latin American and Caribbean foreign debt, whether we will pay it, and how, we think it is first necessary to bear in mind that this debt totals $360 billion and generates $340 billion in interest annually.

We could not pay this debt even if we, the debtor countries, cease to spend and designate all of our export income for debt payment. Interest rates are high, and interest accrues quickly. Meanwhile, the prices of our export products become lower and lower year after year. This means we will be paying that $340 billion annually forever while our cotton, sugar, timber, and wealth is worth less and less with every crop and season.

Who sets the prices? Whose decision is it to sell to us at higher prices and buy from us at lower prices? The same one to whom we, including Latin Americans and Caribbeans, owe $360 billion. For this reason, the issue under consideration is not whether we want to pay. Regardless of what we want, we cannot pay under the current circumstances. This can also be expressed as follows: International banks cannot collect from Latin American peoples, and they know it.

In view of this, the banks have played a dangerous game so far. They lend us money so we can repay them the amounts we owe. Both the most outstanding economists and the lowest workers in Latin America realize that with this system the debt will never be paid. Quite the opposite, the debt will expand for an indefinite time. As our people say, the debt will stretch like rubber. Therefore, let's make it clear that both debtor and creditor countries agree on one thing: Under the current circumstances, the debt cannot be paid. Therefore, a formula to solve the problem is necessary.

The first thing necessary to solve the problem and propose alternatives is to learn the causes. In this way, lasting solutions can be found. However, irate voices have been raised warning us against assuming a rebel stance because then we could be punished.

Domestic voices rise in chorus in each country on behalf of the creditors; that is, they echo the threats and say we must pay. Of course, each country is different and has become indebted in a different manner. Therefore, each has to seek its own specific solution. Nevertheless, the origin of the problem is common to all peoples, and it is permissible, morally mandatory, and politically necessary to seek a continental unity to defend our interest beyond ideologic or social differences.

It should go without saying that those who defend the creditors' stances are historically responsible for having fostered the dependency and economic injustice generated by the debt.

It is also high time to make it clear that the foreign debt originated in a brutally unjust international economic order decided by the creditors who are also the owners of the market, the prices, the money, and the debt. This is known throughout the world as being the judge in one's own case and it is unacceptable. In other words, international banks -- the current unjust order imposed by capitalism -- are disqualified to be judges in this matter.

In addition, the proposal according to which each country must discuss its problem separately is a trap. Isn't it a democratic principle that the decision of the majority is the one to be followed? Don't the millions of Indians, blacks, half-castes, workers, and peasants in Latin America and the Caribbean constitute a majority who must unite to make their voices heard against the injustice of regimes that exploited them and cast them into indebtedness and now use the argument of the debt in order to continue to exploit them?

It is not the debtors who have turned the debt into a weapon. It's the creditors and capitalism who have resorted to the debt as a form of aggression and intervention in countries' domestic affairs.

The dignity of the Latin American peoples makes the creditors face an unstoppable force today that seeks to recover its former upright position.

This is the discussion regarding the payment of the debt and how we all can end an unfair system that has no solution under the current circumstances. The initial formula is Latin American dignity, sovereignty, and unity. The specific applications should come out of these principles.

AMBASSADOR: SPAIN TO GRANT NEW LINE OF CREDIT

PA072304 Managua Radio Sandino in Spanish 1750 GMT 7 Aug 85

[Excerpt] Orlando Castillo, Nicaraguan ambassador to Madrid, said that the relations between Spain and Nicaragua are cordial and that his country will be granted a new line of credit by the Spanish Government. Castillo said that the opening of the credit line is due to the fact that the Nicaraguan Government updated paying its obligations with Spain.

CONSTITUTIONAL COMMISSION MAKES CONSULTATIONS

PA071808 Managua Radio Sandino in Spanish 1200 GMT 7 Aug 85

[Text] Political parties, labor unions, associations of businessmen, professionals, trade unions, religious groups, women, youth, and community organizations have been convoked by the special constitutional commission so they can be represented by their leaders at a meeting of this commission and may state their opinions on the drafting of the country's political constitution.

The consultations will be on the principles that should serve as the basis for Nicaragua's political constitution, the organization of the state, foreign policy, rights, obligations, political and social guarantees of the Nicaraguans, national economy, agrarian laws, and labor, health, housing, education, cultural, social security and welfare policies. They will also deal with the revolution's social and economic transformations, political party laws, the electoral system, and control of and compliance with the constitutional reform.

The special constitutional commission will hold public audiences on requests received before 31 August.

ATLANTIC COAST AUTONOMY CONSULTATIONS BEGIN

PA070359 Managua Radio Sandino in Spanish 1930 GMT 6 Aug 85

[Text] (Johnny Hudson) said today upon officially inaugurating the regional consultation period on autonomy at the Moravian School gymnasium in Bluefields that autonomy has ceased being a little-known word because today it will become a fact and practice that will fill the void that has existed among the coastal people for generations. (Hudson), who is coordinator of the regional commission on autonomy on the Atlantic coast, asserted that this consultation is a step in the search for peace and that it will contribute to unity among the coastal people and all Nicaraguans.

During the inauguration, (Hudson) said that this is a special day for both the coastal people and all Nicaraguans because for the first time it will be possible to draft a transformation plan for the Atlantic coast.

We contacted (Hudson) who briefed us on the opening of the consultation period in Bluefields:

[Begin (Hudson) recording] The consultation began many weeks ago here in Zelaya Sur but yesterday, 5 August, we made the beginning of the grand national consultation on autonomy official. To make it official, we held a central event which was attended by all workers, the 150 promoters who are carrying out the house-to-house consultations here in Bluefields, and the people in general.

The consultation process will continue today and end on 20 September. It has been well received thus far and has been enrichened during these first few days by all of the opinions and contributions of the population. [end recording]

EPS TROOPS ATTACKED BY CONTRAS IN SARAPIQUI

PA071555 Managua BARRICADA in Spanish 6 Aug 85 p 5

[Text] Juigalpa (Special correspondents) -- The chief of the 5th Military Region of the Sandinist People's Army [EPS], Roberto Calderon, reported that the Sandinist troops guarding Sarapiqui, on the border with Costa Rica, are continuously being attacked from the neighboring territory by forces of the CIA group known as ARDE who operate unpunished in that country.

He noted that after the occupation by the EPS of the largest terrorist base on the banks of the San Juan River in Sarapiqui 3 days ago, Nicaraguan Army units established in that sector are constantly attacked by mercenaries from Costa Rican territory. Despite these constant attacks, Calderon revealed, last weekend contact was made between Sandinist troops and members of the Costa Rican Civil Guard in that sector, who discussed issues not yet revealed.

He commented, however, that "any contact intended to improve relations between Nicaragua and Costa Rica is considered by our country as positive."

On "Operation Sovereignty" carried out by the EPS since early last June, Calderon pointed out that the operation continues in some points southeast of Sarapiqui, and will continue up to the Delta sector, in order to establish total control of the southern border strip extending 26 km between that place and the mouth of San Juan River.

The chief of the 5th Region evaluated the latest military activities in the area, noting that the CIA terrorist drive using mercenaries belonging to the so-called "Jorge Salazar" regional command, of the Nicaraguan Democratic Forces [FDN], is linked to the counterrevolutionary plan known as "Rebellion 85" which is intended to affect important points in the First Region of the country.

In this aspect, he affirmed that the attack on Friday, 2 August, on the town of Cuapa, 25 km from this city, was led by "special companies" of the counterrevolution made up of a select group of the most criminal Somozist guardsmen -- including a leader known as "Atila" -- whose tactic is to indiscriminately raze economic targets and the civilian population.

Calderon emphasized that the objective of the attack on Cuapa was mostly a publicity stunt in order -- due to its proximity with the Chontales capital -- to give the impression "of heavy blows being inflicted on the revolution," although the military cost they paid for it was too high.

So far, he revealed, eight mercenaries have been killed and four others captured along with a good amount of weapons as a result of the fighting currently underway in the sector of El Venado, north of Cuapa. The weapons recovered by the EPS include German G-3 rifles and others similar to these, known as "CETME-C" of Spanish manufacture.

"We are preparing a strong operation against this group," Commander Calderon said, noting that the persecution of the group includes militias, the regional permanent companies, and troops of the Battalion for Unconventional Warfare [BLI] Farabundo Marti.

He said that the mercenaries intend to maintain the terrorist plan organized by the CIA by sabotaging communications, attacking towns or economic targets, in view of their inability to meet the EPS forces face to face.

As an example of the criminal attitude of the Somozists, Calderon mentioned the kidnapping of 16 civilians during the attack on Cuapa and the subsequent killing of 11 of them. Their bodies were found 2 days ago at El Portillo Hill, 5 km north of the town.

Last Friday, when the Somozist guardsmen carried out the surprise attack on Cuapa, they killed seven companeros who fell defending the revolution.

CONTRAS ATTACK BRIDGE NEAR ESTELI DEPARTMENT

PA060414 Managua Radio Sandino in Spanish 0000 GMT 6 Aug 85

[Text] Today the Defense Ministry issued a communique reporting that mercenary forces, which have been operating near Esteli Department, attacked the (La Vainilla) Bridge seriously damaging it.

The communique added that the mercenary attack occurred on 3 August near the village of San Sebastian de Yali, and that the local people's militias repelled the attackers.

Moreover, the Defense Ministry reported that the Sandinist People's Army located the bodies of nine persons kidnapped on 2 August by the counterrevolutionaries who attacked the Walpa village, Chontales Department. The coordinator of that village's municipal council, Holman Martinez, managed to escape from his captors.

WEAPONS SEIZED, MERCENARIES CAPTURED IN ESTELI

PA061339 Managua Domestic Service in Spanish 1200 GMT 5 Aug 85

[Text] A total of 61 Chinese AK rifles, as well as FAL, Spanish and German G-3 rifles were seized from the U.S. Government's mercenaries during operations in Esteli. Other weapons seized were 60-mm mortars, a large amount of ammunition, and Claymore mines. Commanders Manuel Salvatierra, Christian Pichardo, and Walter Ferreti presented 36 of the 41 mercenaries captured during the clashes, and reported on the military situation in Region 2.

RESULTS OF JULY CLASHES WITH CONTRAS REPORTED

PA071620 Managua Radio Sandino in Spanish 0000 GMT 7 Aug 85

[Text] The CIA-backed counterrevolutionary bands sustained more than 300 casualties in July, during approximately 20 clashes with the Sandinist People's Army in the Wiwili, San Jose de Bocay, and Cua areas, bordering on Honduras.

Commander Jose Valdivia, 6th Region military commander, so reported in analyzing the current situation of the mercenary forces that have infiltrated the country. Valdivia said that with this incursion, the mercenary bands tried to carry out an operation called "Rebellion 85," which was a plan prepared well in advance by CIA advisers, selecting the best qualified men of the counterrevolution's regional commandos.

Commander Valdivia said that by dismantling this select force, the former Somozist guards were left in very bad conditions. He added that so far the contra groups have not put up any resistance and are fleeing in disarray. Many of the counter-revolutionaries have surrendered to the authorities, he concluded.

LATE REPORT: FOREIGN MINISTRY ON KIDNAPPING

PA081314 Managua Radio Sandino in Spanish 1207 GMT 8 Aug 85

[Text] Nicaragua holds the U.S. Government responsible for the fate of the U.S. citizens of the Permanent Christian Action for Peace and the national and foreign journalists accompanying them when they were kidnapped yesterday by the mercenary forces operating in Costa Rican territory.

In a Foreign Ministry note, the revolutionary government called on the Costa Rican Government to immediately begin the necessary efforts to obtain the release of those kidnapped and to capture the mercenaries. The note added that the government has also issued precise orders to the troops stationed on the border with Costa Rica not to respond to attacks and provocations seeking to provide a pretext of action against the U.S. and Nicaraguan hostages kidnapped by the terrorists.

The Nicaraguan Government had recently received a request from the U.S. Permanent Christian Action for Peace organization for authorization to sail on the San Juan River on a peace mission. This request was granted with a warning of the risks the group faced due to the presence of the counterrevolutionary groups in Costa Rican territory.

3 DAYS OF MOURNING DECREED FOR GUYANA'S BURNHAM

FL071326 Havana Television Service in Spanish 1102 GMT 7 Aug 85

[Text] The Council of State of the Republic of Cuba, making use of the attributions conferred on it, has agreed to declare 3 days of official mourning beginning at 0600 today, Wednesday, 7 August 1985, in observance of the death of the president of the Cooperative Republic of Guyana, Linden Forbes Sampson Burnham, which occurred on Tuesday morning.

Castro Praises Burnham

FL071514 Bridgetown CANA in English 1504 GMT 7 Aug 85

[Text] Havana, Aug 7, CANA-REUTER - Cuba declared three days of official mourning today following the death of Guyana's President Forbes Burnham, whom it described as a friend of the Third World and Cuba. A decree signed by President Fidel Castro and published in the official daily GRANMA praised Burnham for his leftist policies and prominent role in the non-aligned movement. Forbes Burnham was a renowned statesman, known for his progressive policies in favour of the political and economic independence of nations, and was a great friend of the Third World and Cuba, the decrees said. Burnham, who died in hospital yesterday of heart failure at the age of 62, had received medical treatment in Cuba.

FIDEL CASTRO DENIES LINKS WITH SHINING PATH

PY051235 Lima Radioprogramas del Peru in Spanish 0545 GMT 5 Aug 85

[Text] Cuban President Fidel Castro has stated that he has absolutely no links with the Shining Path organization, but that the existence of this organization is indicative of a deep economic crisis, reflected in the number of illiterates, famine-stricken campesinos, and undernourished children. Castro has reiterated his wishes of success for the new Peruvian Government in its struggle to overcome this tragedy.

HAVANA NOTES MEXICAN REACTION TO DEBT DIALOGUE

FL071246 Havana Domestic Service in Spanish 1100 GMT 7 Aug 85

[Text] Mexican Under Secretary of Finance and Public Credit Francisco Suarez Davila has stated that the recent Havana conference on the foreign debt served to reiterate the political dimensions of the problem of the debt to those members of the industrialized world who still refuse to accept reality. The statement by Suarez Davila was described by the Mexican press as the first reaction of the Mexican Government to the conference called by Cuban President Fidel Castro.

RAMON CASTRO VISITS DPRK, INVITED BY PRESIDENT

FL071210 Havana Domestic Service in Spanish 1100 GMT 7 Aug 85

[Text] Invited by Kim Il-song, president of the Democratic People's Republic of Korea, Ramon Castro Ruz, director of the Valles de Picadur special genetic plan and member of the party committee for Havana Province, has departed Cuba for North Korea. In addition to his activities as a guest of Kim Il-song, Ramon Castro, under the terms of the cooperation agreement signed with North Korea, will exchange information on livestock raising.

INTERIOR, POLICE MINISTER REMOVED FROM POST

PA071615 Madrid EFE in Spanish 0221 GMT 7 Aug 85

[Text] Santo Domingo, 6 Aug (EFE) -- Major General Hector Garcia Tejada, Dominican minister of the interior and police, was removed from his post today and retired from the Armed Forces. The interior and police vacancy was filled by Major General Rudesindo Pimentel Castro, who was director of the Batalla de las Carreras Military Academy.

After today's change, President Salvador Jorge Blanco said that the removal and retirement of Garcia Tejada was due to an action on Sunday. On Sunday afternoon, Garcia Tejada did not issue a permit for a huge demonstration that Jacobo Majluta, senator and Dominican presidential hopeful of the Dominican Revolutionary Party (PRD), was going to hold in Santo Domingo. Garcia Tejada argued that he would not issue his authorization because there was no interior and police permit.

The official measures of not permitting Majluta, former president of the Republic following the suicide of President Antonio Guzman on 4 July 1984, to hold the demonstration has been criticized by all the public opinion media, which have rejected the use of power against the senator.

The antagonism between the supporters of Majluta in the Senate and those of President Jorge Blanco in the government has already been demonstrated on several occasions, even through they are both from the same political party.

In this case, the prohibition has harmed the Dominican president. According to the news media today, this is the reason why the interior and police minister, who was appointed on 8 April, was removed.

BALAGUER DECIDES TO BE PRESIDENTIAL CANDIDATE

FL071552 Santo Domingo LISTIN DIARIO in Spanish 31 Jul 85 p 2

[By Arsenio Ramirez]

[Excerpt] The president of the Progressive Christian Democratic Party [as received] said yesterday that Dr Joaquin Balaguer has decided to accept the nomination for the 1986 presidential elections.

Ramon A Castillo added that it has been some time since the leader of the Reformist Social Christian Party has agreed to accept the will of the Dominican people by accepting his nomination for next year's elections. He said it has not been decided who will be his running mate on the ballot.

BARBADOS

ST JOHN, BARROW ON BURNHAM'S DEATH

FL072016 Bridgetown CANA in English 1651 GMT 7 Aug 85

[Text] Bridgetown, Barbados, Aug 7, CANA -- Barbados Prime Minister Bernard St John, who returned home last night from a trip to Britain to learn of the sudden death of Guyana's President Forbes Burnham, today said the late Guyana leader had an unwavering love for the Caribbean and its development, even though his government's policies differed at times with those of other regional governments. Forbes Burnham was a pragmatic man who stoutly defended his country's sovereignty and territorial integrity, said St John in a statement. He contributed greatly to the regional integration concept from the earliest days of Carifta [Caribbean Free Trade Association] of Caricom as a means towards achieving a greater measure of economic independence for the region.

Burnham, 62, died yesterday of heart failure whilst undergoing an operation for what government said was a minor throat ailment. His health had been suspect for sometime.

Meanwhile, former Prime Minister Errol Barrow, a close friend of Burnham from university days in Britain, said the late Guyana president's contribution to the region was incalculable. But Barrow said the Guyana economy, under Burnham's leadership, did not fulfill the promise to which many of us in the Caribbean had been looking forward. We cannot say for certain that things would have been a lot better under a different leadership. They could have been a lot worse. But leadership there was in the person of Forbes Burnham and his contribution to the goal of regional integration has been incalculable, Barrow, Barbados parliamentary opposition leader, said.

JAMAICA

SEAGA UNRESPONSIVE TO TRADE UNION ULTIMATUMS

FL072130 Bridgetown CANA in English 1908 GMT 7 Aug 85

[Text] Kingston, Jamaica, Aug 7, CANA -- Jamaica's Prime Minister Edward Seaga says he does not respond to ultimatums, referring to one last month from five trade unions who wanted him to resume pay talks.

Seaga's position on his style of government came at a wreath-laying ceremony yesterday at the Shrine of National Hero Sir Alexander Bustamante, founder of the ruling Jamaica Labour Party (JLP) and the Bustamante Industrial Trade Union (BITU), one of the six unions that called a general strike to press for a settlement. The BITU did not join in issuing the ultimatum. The wreath-laying was in commemoration of the eighth anniversary of the death of Bustamante.

Seaga said any prime minister who respected his office or himself, would not answer any ultimatum -- a quality he said Bustamante displayed in his time.

The five unions sent Seaga a seven-day ultimatum, demanding talks on matters related to wages of public servants after the general strike which fizzled out after three days.

ST LUCIA

COMPTON EXPRESSES DISSATISFACTION WITH UK AID

FL031458 Bridgetown CANA in English 2224 GMT 2 Aug 85

[By Ernie Seon]

[Text] Castries, St Lucia, Aug 2 -- St Lucia's Prime Minister John Compton called today for the removal of all constraints and problems related to the delivery of British aid to the Eastern Caribbean. He said guidelines must be established so that future cooperation will accelerate the economic viability of the seven-nation Organisation of Eastern Caribbean States (OECS) made of one present and six former British colonies.

In a forthright statement at a meeting between OECS leaders and the British Minister for Overseas Development Timothy Raison, Compton said that a recent claim by Baroness Young, the deputy foreign secretary, that Britain has not turned its back on the region had not been met with action.

The current sentiment in the Caribbean is that British action has not been matched with British words. Within recent years, there has emerged in the region a distinct feeling of British withdrawal and a marked diminution of British interest and events in Grenada have helped to underscore this feeling, Compton said. He said this was regrettable in view of the special historic interest between the two sides. We sometimes feel like orphans left stranded on the shore of the receding tide of British colonialism easy prey to international predators.

Refering to the special aid package announced by the UK to the islands on independence, Compton said the annual limits imposed upon the disbursement of the funds have had the effect of frittering away development money upon projects too small to make any significant impact upon the economic development of the states. He adds, the extended period for draw down had resulted in a substantial erosion of the value of that aid. All of these constraints need to be removed and the problems attended upon the delivery of aid must be clarified at this meeting and guidelines established so that our future cooperation in this field may have the desired effect of accelerating our countries achievement of economic viability, he said.

The prime minister called for British support to the proposal now before the World Bank for a facility which will ease the current liquidity pressure on governments, and enable them to pay arrears to international institutions and free local revenues to meet social and economic obligations.

He said Britain should also help the OECS attempts at economic diversification, particularly in the field of tourism. The development of tourism means access to tourist markets which in turn means reliable and frequent air transportation facilities. He said British deeds in granting the Trinidad and Tobago airline BWIA, which Compton called the national carrier of the region, equal access with the British carrier to the British market will be carefully examined as an indication of British interest in economic development.

Compton said he hoped the current meeting would clarify the procedures and modalities relating the existing aid agreements, remove all impediments to the speedy delivery of aid, and agree upon a basis for ensuring an improved future and performance on the part of London toward the OECS countries. As far as the future is concerned, the United Kingdom Government should as soon as possible meet with the OECS governments to formulate agreed five-year development programmes and a level of aid which will finance these programmes within the countries development plans and proprieties, he said.

REPORTAGE ON EVENTS FOLLOWING BURNHAM'S DEATH

Health Ministry Communique

PY071449 Paris AFP in Spanish 1359 GMT 7 Aug 85

[Text] Georgetown, 7 Aug (AFP) -- It was officially revealed in this capital today that Guyanese President Forbes Burnham, who died yesterday from a heart attack during an operation, was operated on by a Cuban doctor, Delfina Trapasa. The anesthetist, also Cuban, was Dr Esteniel Torrientes. The Guyanese Health Ministry today released the following communique:

Yesterday morning at 0715 the comrade president was taken to operating room No 1 of the Georgetown Hospital. It had already been reported that he was to have a throat operation. He was operated on by Dr Delfina Amaro Trapasa and the anesthetist was Esteniel Torrientes, both Cubans. The medical team included the surgeon, the anesthetist and an assisting doctor; all the necessary materials were on hand. The medical team met the patient when he arrived.

Drs Enid Denbow, Annabelle Burnham-Polland, Amador, Maurant, Luncheon and R.A. Van West Charles; Mr Sarjoo and Viola Burnham, the chief nurse, and a team of nurses were present in the operating room and remained there throughout the operation. The patient was anesthetized in their presence.

The operation consisted of the removal of leukoplakia through a tube that had been placed in the pharynx and vocal chords. [as received] The localization was made with an instrument with optical fiber and a microscope that had been brought by the Cubans. Approximately 20 minutes after the operation it was observed that the recovery of the patient was delayed. He also had difficulty in breathing. The heart stopped. Efforts to revive the patient were to no avail. Death was confirmed after all possibilities had been exhausted, the communique concludes. The date of burial is not yet known.

Burial Arrangements Announced

FL072332 Georgetown Guyana Domestic Service in English 2230 GMT 7 Aug 85

[Text] President Forbes Burnham will be buried on Sunday at the Place of the Seven Palms in the botanic gardens in Georgetown. The funeral service begins at 1600 on Sunday afternoon at the National Park. The body of the late president will lie in state for 2 days at the National Cultural Center. Three books of condolence will be opened and the funeral of the late President Burnham will be preceded by a 62-hour vigil at the Square of the Revolution.

Brazil and Cuba both declared 3 days of national mourning for President Burnham. A 2-week period of mourning in Guyana began yesterday. The head of the joint services, the police commissioner, trade union organizations, local and overseas journalists, and the courts of law today paid tribute to the late Guyanese president.

Troops Adopt Security Measures

FL071822 Bridgetown CANA in English 1730 GMT 7 Aug 85

[Text] Georgetown, Guyana, Aug 7, CANA -- Guyanese troops took up positions outside key installations as a stunned nation continued to mourn the death of President Forbes Burnham. His successor Desmond Hoyte presided over a meeting of senior ministers and government officials last night and new Prime Minister Hamilton Green was also holding talks today with key advisers to plan for a state funeral.

Government sources said Burnham, who died yesterday of heart failure following a throat operation, will be buried either Sunday or Monday. They said that at least six Caribbean Community (Caricom) leaders had so far indicated they would be attending the funeral but their names were not immediately available.

The two national radio stations continued to play solemn music and a CANA correspondent said a pall of gloom had descended over the capital Georgetown. Troops guarded the broadcasting services, water installations, the electricity corporation, rice installations and other vital state machinery as a precautionary security measure.

Burnham, who was 62, won power in 1964, led Guyana into independence two years later and had ruled with an iron grip since. The state-owed daily, THE CHRONICLE, devoted much of its space to Burnham's death, including an eight-page pull-out on his life and times. The paper gave further details of events leading up to Burnham's death. It said he entered the number one operating theatre at the Georgetown Hospital at about 0715 yesterday for minor surgery which contributed to occasional hoarseness, the removal of leukoplakia plaque from his vocal cords.

The operation was performed by two doctors from a five-man Cuban team who had brought in all the necessary equipment from Havana. Also on hand were three local doctors including Burnham's daughter Dr Annabelle Burnham-Pollard and his son-in-law Dr Richard Van West Charles, a close confidant of the late president who always accompanied him on foreign trips. The operation provided no difficulty and the white plaque was removed by way of a tube passed into the pharnyx, according to THE CHRONICLE, and pictures of both vocal cords were taken.

About 20 minutes after the surgical procedure was completed, the patient was observed to be slow to recover. There was also difficulty in breathing. He was later observed to be in cardiac failure which did not respond to specific treatment, the paper added. Burnham died about 1045 local time.

Since his return from a Caribbean Community summit in Barbados last month, Burnham had been affected by the ailment and has had to cancel several public engagements. The last time when he was in public was on July 29 at a street renaming ceremony in Georgetown. He called on the Guyanese people then to be proud, respect yourselves, know your history and revere your heroes.

Reports were circulating in Georgetown within the past two weeks that the president was gravely ill, but he attended a social function up to last Saturday and seemed to be in good spirits chatting and joking with Cabinet colleagues.

In an editorial, THE CHRONICLE called Burnham our greatest hero, our guide, teacher, friend, protector, leader and indeed, the father of this nation. The paper hit out at Burnham's critics saying they had campaigned against the late president because of personal grudges or because they are yet to be liberated from the dungeons of debilitating colonialist mentality and from the darkness wrapped around their minds.

The country's new leader has already indicated that government policies are unlikely to change. He will face a general election by next March. Political sources said Burnham and senior ministers mapped out government strategy for the impoverished nation at a recent two-week jungle retreat with senior ministers. The sources said the issue of succession may also have been brought up since Burnham had earlier this year indicated that the time was fast approaching when the subject needed to be looked at. They said Hoyte who has had no power base with the PNC [People's National Congress] -- he has never held office in the party -- could sometime in the future face a challenge from Green, 50, said to be a tough and ambitious figure who has a significant following.

In reaction to Burnham's death, United Nations Secretary-General Javier Perez de Cuellar paid tribute to what he called his outstanding leadership. Venezuelan President Jaime Lusinchi praised Burnham for his willingness to develop friendly relations despite the two countries territorial dispute. Venezuela claims the 53,000-sq-mile (147,000-sq-km) Essequibo Territory, a sparsely-populated region which comprises two-thirds of Guyana's land area and was awarded to Britain by international arbitration in 1899.

Opposition Parties React

FL072348 Bridgetwon CANA in English 2330 GMT 7 Aug 85

[Text] Georgetown, Guyana, Aug 7, CANA -- The parliamentary opposition People's Progressive Party (PPP) renewed a call today for a national unity government to deal with the economic problems of improverished Guyana following the death yesterday of President Forbes Burnham.

The PPP, from which Burnham broke away to form the ruling People's National Congress (PNC), noted that the late president had occupied the centre stage of Guyana's politics for a long period, having ruled for 21 years. We are of the firm view that every effort must be made to prevent attempts to use his death of surrender to the dictates of imperialism. Instead we feel that it necessary now more than ever that statesmanship be demonstrated in building a broad [passage indistinct] progressive and revolutionary forces to cope with the many pressing problems facing our nation and people, the PPP said. The statement concluded that Guyana needed national unity, for peace, democracy and social justice to be achieved. Burnham had planned unity talks with opposition leader Dr Cheddi Jagan and said in a recent interview he was willing to consider some sort of PPP participation in government.

Another opposition party, the Working People's Alliance (WPA) said the incumbency of President Burnham had ended in a manner which had not entered WPA calculations -- the vehicle. It said that Burnham's massive and all encompassing presence had affected many in Guyana with their belief that he was little more than merely mortal. The late president, the party said, had developed a formidable apparatus of state to the discomfort of his fellow citizens. Life and death combine in an overpowering plea for a new political culture of restraint and humility and eloquently explain the deceptiveness of personal power, it added. The WPA said it will suspend political activity in deference to those preoccupied with mourning but will resume its struggle for respect for human rights in Guyana. In particular, the party said it will press for free and fair elections.

Opposition groups in Guyana had persistently accused Burnham of repression of opponents and rigging elections to stay in power.